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SOCIALISTIC FALLACIES

BY
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PREFACE TO THE ENGLISH EDITION

I take the word "fallacy" in the sense in which it is employed by Bentham¹:—"By the name of fallacy, it is common to designate any argument employed, or topic suggested, for the purpose, or with a probability, of producing the effect of deception—of causing some erroneous opinion to be entertained by any person to whose mind such argument may have been presented."

In the following pages my object has been to reduce to their true value the socialistic fallacies with which a number of able, but frequently unscrupulous, men, amuse the idle and attract the multitude. They do not even possess the merit of having originated either their arguments or their systems. They are plagiarists, with some variations, of all the communist romances inspired by Plato. Their greatest pundits, Marx and Engels, have built up their theories upon a sentence of Saint Simon and three phrases of Ricardo.²

What has become of the Utopias of Fourier and

1 "The Book of Fallacies." Introduction. Sect. I.

2 See *infra*, Book III., chap. 3.

of Cabet, of Louis Blanc's organisation of labour, of Proudhon's bank of exchange, of Lassalle's question of the right to work and of the iron law of wages, and of Karl Marx' and Engels' Communistic Manifesto? As soon as you attempt a discussion with Socialists, they tell you that, "the Socialism which you are criticising is not the true one." If you ask them to give you the true one, they are at a loss, thereby proving that, if they are agreed upon the destruction of capitalist society, they do not know what they would substitute for individual property, exchange and wages. In June, 1906, M. Jaurès promised to bring forward within four or five months propositions for legislation which should supply a basis for collectivist society. He takes good care not to formulate them because he foresees the risk to which he would be exposing himself, despite the incomplete development in him of a sense of the ridiculous.

No Socialist has succeeded in explaining the conditions for the production, remuneration and distribution of capital in a collectivist system. No Socialist has succeeded in determining the motives for action which individuals would obey. When pressed for an answer, they allege that human nature will have been transformed.

This introduces a difficulty; for, if I am hungry or thirsty, can someone else, in a collectivist society, give me relief? When Derfys the Tyrant had a stomach-ache, he never succeeded in handing it on to a slave. Torquemada, by torturing and burning heretics and Jews, was able to prevent the expression of ideas; he never succeeded in changing one. The individual remains a constant quantity.

While leaving out of account the fact that the more the individual develops, the stronger will be the resistance he offers to every kind of repression, collectivists end in a government by police on the model of those of the Incas in Peru or the Jesuits

in Paraguay.¹ "The proletarian class will govern," says Karl Marx, but he does not explain how. Mr. Carl Pearson, one of the "intellectuals" of Socialism who has the courage of his convictions, recently said: "Socialists have to inculcate that spirit which would give offender against the State short shrift and the nearest lamp-post."² The reader will be referred hereafter to another quotation which proves that, in a slightly modified form, this is also the opinion of M. Deslinières.³

While awaiting this happy consummation, the Stuttgart Congress has reaffirmed, on August 20th, 1907, that he only can be recognised as a true Socialist who adheres to the struggle of classes. According to this conception, the wish of one class constitutes law; audacious minorities will oppress intimidated majorities, and the social war is to rage permanently. These Socialists transfer all the conceptions of a warlike civilisation to economic society; the individual who is enrolled among their troops owes passive obedience to his leaders, and the independents are enemies to be received with the classic option of "your money or your life!" Socialism is a hierarchy on a military basis, imported from Germany, as M. Charles Andler proclaims.⁴ When they reserve all their energies against their fellow-citizens, the supporters of the struggle of classes are logical; for it is not worth troubling to take from a neighbour who would defend himself that which will be within reach of their hands on the day when they attain to power. The French Socialists show how they will employ their power, by celebrating the anniversary of the Commune; and those of them--such as the leaders

¹ See *infra*, Book I, chaps. ii. and v.

² Carl Pearson, "Ethics of Free Thought," p. 32 (quoted by Robert Flint, "Socialism," p. 334).

³ See *infra*, Book IX, chap. iv. M. Deslinières is the author of the *Code Socialiste*.

⁴ *Communist Manifesto*, vol. ii., p. 178.

of the General Confederation of Labour—who claim to be practical, put before their levies as an ideal, a general strike, accompanied by the destruction of industrial property and plant, short circuits, explosions of gas and of dynamite, and the derailment and holding up of trains.

Mr. James Leatham, in a pamphlet entitled "The Class War,"¹ says that "the Independent Labour Party is the only Socialist party in Europe, probably in the world, which does not accept, but explicitly repudiates, the principle of the class war." But the Social Democratic Federation, founded by Mr. William Hyndman, which in 1907 became the Social Democratic party, "proclaims and preaches the class war."² The Independent Labour Party is unable to adhere to this *totidem verbis*. By the force of circumstances, its programme confines it to practical matters since it admits of the power of confiscation of private property. The Labour Party, which from 1900 to 1906 was known as the Labour Representation Committee and now forms the Parliamentary Labour Party, does not dissimble as to its programme. At the eighth annual conference at Hull in January, 1908, the following resolution was endorsed by 514,000 votes to 469,000:—

• That in the opinion of the Conference the time has arrived when the Labour Party should have a definite object, the socialisation of the means of production, distribution and exchange, to be controlled by a democratic state in the interests of the entire Community; and the complete emancipation of Labour from the domination of capitalism and landlordism with the establishment of social and economic equality between the sexes."

Even if a large majority be not associated with this declaration, the Labour Party has absorbed the Trade Union group in the House of Commons,

¹ 1907.

• 2 "The Social Democratic Federation: its objects, its principles, and its works," 1907.

which numbered twenty-one members after the General Election of 1906. The Labour Party put forward fifty candidates, of whom thirty were elected. But the Miners' Federation decided in June, 1908, by a majority on the ballot of 44,843 votes, definitely to join the Labour Party. The result of this is that at the next General Election the fifteen miners members of the Trade Union group will have to sign the Labour Party constitution. At the end of 1908 there were remaining only three members of the Trade Union group.¹

The Social Democratic Party carries the Independent Labour Party along with it: the two combined in the Labour Party carry the Trade Union group, and although the Labour Party numbers less than fifty votes in the House, it is sweeping towards Socialism the majority of 380 members of the Liberal Party elected in 1906. These latter refuse to listen to the warnings of their colleague Mr. Harold Cox, who was informed by the representative of the Preston Liberal Association that it was intended to contest his seat at the General Election.²

The programme of the Labour Party includes:—
(a) The collective regulation of industry; (b) the gradual direct transference of land and industrial capital from individual to collective ownership and control; (c) absorption by the State of unearned income and unearned increment; (d) provision for needs of particular sections of the community.

The Socialists may claim with pride that the advance has already begun along each of these lines.

- Since the coming into office of the present Government they have obtained the Trade Disputes Act, which formally recognises the right of picketing, that is the right to intimidate as against non-

¹ "The Reformer's Year Book," 1909, p. 27.

² See the article by Mr. Cox ("Socialism in the House of Commons") in the "Edinburgh Review" for 1907

strikers, and relieves the Trade Unions of all legal responsibility with regard to their agents. A Coal Mines Bill (1909) provides that no miner shall work underground for more than eight hours a day. Using the sweating system as a pretext, they have obtained the constitution of Wages Boards, with power to fix a minimum wage. Despite the French experience of "Bourses du Travail," Mr. Winston Churchill has introduced a Bill for the establishment of Labour Exchanges which has scarcely met with any opposition. In 1908, the Old Age Pensions Act provided that as from the 1st of January, 1909, old age pensions may be claimed by all persons of 70 years or over who fulfil the statutory conditions.

Until 1906 the Liberal and Democratic party in Great Britain placed in the forefront of its programme the relief of the taxpayer by the reduction of the National Debt and the decrease of taxation. It prided itself on its sound finance. From the time when the Socialists try to make the State provide for the livelihood and the happiness of all, the Liberal Government bases its existence upon the increase of expenditure. The Budget shews a deficit. So much the better! Taxation is no longer imposed solely for the purpose of meeting expenditure incurred in the general interest. It is looked upon as an instrument for the confiscation of the rents paid to landlords and of the interest paid to holders of stocks and shares, as a means of absorption by the State of unearned income and unearned increment. The Budget for 1909-1910 introduced by Mr. Lloyd George is an application of this portion of the Socialist programme. No doubt he states that the scale of taxation proposed by him is a modest one, but he is placing the instrument in the hands of the Socialists. When they have once grasped it, they will know how to use it. Mr. Shackleton, M.P., in opening the Trade Union Congress, on September 6th, 1909, referred to it as

"a Budget which will rank as the greatest financial reform of modern times."

The Socialists may well be proud of their success in Great Britain. Although they number less than nine per cent. of the members of the House of Commons, they have succeeded in conferring the privilege of irresponsibility upon the Trade Unions, in laying the foundation in the Budget for the socialisation of land and of industrial capital and in converting financial legislation into an instrument for the struggle of classes. And Mr. Keir Hardie was able, on September 1st, 1909, at Ipswich, to say without covering himself with ridicule, that the present generation will see the establishment of Socialism in England! The question of the unemployed is an excellent means of agitation, and Mr. Thorne, M.P., has not hesitated to advise them to plunder the baker's shops. If his advice had been followed where would bread have been found on the following day?

Socialistic policy can only be a policy of ruin and of misery: the question which it involves is that of free labour, actuated by the motive of profit as against servile labour induced by coercion. The Socialist ideal is that of slave labour, convict labour, pauper labour and forced labour—a singular conception of the dignity of the labourer. As regards its economic results, Mr. St. Leo Strachey cites the following, among other examples, in his excellent little book, *Problems and Perils of Socialism*. 'In 1893, M. Shaw Lefevre, as Commissioner of Public Works, arranged to pull down a part of Millbank Prison by means of the unemployed. When these men worked with the knowledge that their pay would vary according to the work done, they did twice as much as when they knew that whether they worked or idled their pay would be 6½d. an hour.

The prospect of gain does not exercise its influence only upon the wage-earner, it reacts

upon all men, financiers, employers of labour, and investors, because it admits of an immediate and certain sanction, that of gain or loss.

A private employer will make profits where the State suffers loss. While individuals make profits and save, governments are wasteful and run into debt. Statesmen and local officials are free from direct responsibility, and know that they will not go bankrupt and that the taxpayers will foot the bill.

A fakir no doubt will torture himself in order to attain to superhuman felicity. Millions of men have submitted to the cruel necessities of war and have given their lives for their family, their caste, their tribe or their country. Others have braved persecution and suffered the most atrocious tortures for their faith. It may be said that man is ready for every form of sacrifice, except one. Nowhere and at no time has man been found to labour voluntarily and constantly from a disinterested love for others. Man is only compelled to productive labour by necessity, by the fear of punishment, or by suitable remuneration.

The Socialists of to-day, like those of former times, constantly denounce the waste of competition. Competition involves losses, but biological evolution, as well as that of humanity, proves that they are largely compensated by gain. Furthermore, there is no question of abolishing competition, in Socialist conceptions; *the question is merely one of the substitution of political for economic competition.* If economic competition leads to waste and claims its victims, it is none the less productive. Political competition has secured enormous plunder to great conquerors such as Alexander, Cæsar, Tamerlane and Napoleon; it always destroys more wealth than it confers upon the victor.

We have seen the operation of political competition in the internal economy of States. In the Greek Republics, and in those of Rome and Flor-

ence, in which the possession of power and of wealth was combined, it was impossible for parties to co-exist, the struggle of factions could only end in the annihilation of one and the relentless triumph of the other. This is the policy represented by Socialism.

The first result is to frighten capital, and capital defines the limits of industry. If it withdraws, industry decays and activity diminishes; and no trade union, strike or artificial combination can raise wages when the supply of labour exceeds the demand.

Mr. J. St. Loe Strachey entitles one of his chapters, "The richer the State, the poorer the People." He says: "People sometimes talk as if the poor could be benefited by making the State richer." Mr. St. Loe Strachey's answer is: "There is a certain amount of wealth in any particular country. Hence, whatever you place in the hands of the State you must take away from Brown, Jones and Robinson. You do not increase the total wealth." The entire Socialist policy consists in taking away from individuals for oneself and one's friends. When this policy is practised by the highwayman in a story with a blunderbuss in his hand, it is called robbery, and the highwayman is pursued, captured, tried and hanged.

The Socialists formulate a theory of robbery and call it restitution to the disinherited. Disinherited by whom? Disinherited of what? Let them produce their title deeds! They call it expropriation, but that is a misnomer, what they set out to practice is confiscation. Under cover of the laws and in virtue of them, they get themselves elected as members of municipal bodies and legislative assemblies. In France, Belgium, Germany, Italy and the United States they seize upon the constitutional and legal means which are at the disposal of every citizen as they would take a rifle or a revolver at a gunsmith's. Once they have them in their hands

they use them to put their system of spoliation into practice, this being the name given to legalised robbery. Instead of leading to the gallows, it leads to power, honours, position and wealth. The British Socialists adopt the ideal and carry out the policy of the Socialists of other countries with remarkable superiority. They rule the Liberal Party and, by annually introducing one of their postulates into legislation, gain a stage at each attempt.

In a remarkable volume published shortly before his death in 1908, entitled "English Socialism To-day," Mr. H. O. Arnold-Foster put his question: "Ought we to fight Socialism?" And he began by saying, "It is a question which it is necessary to ask." Can this be so? Is there then a number of those who desire liberty for the employment of their faculties, their energy, their capacity for work, and their capital in accordance with their wishes and in such manner as they consider most convenient to their interests, who are not convinced that they ought to defend their liberty of action against Socialist tyranny? Does a number of those who wish to reap the benefit of their labour, their efforts and of the risks they have incurred admit that the Socialists have a right to deprive them of it? How can people entertain doubts as to their right to work and their right to own property? They have suffered themselves to be hypnotised by Socialistic fallacies and verbiage until they are ready to obey injunctions which will forbid them to act without the sanction of the Socialist authority, and command them to surrender to that authority their property, their inheritances, their savings and the capital which they have acquired.

Mr. Arnold-Foster replies, "It is necessary that we should fight Socialism," and we should do so not only from the point of view of our material interests, but also from that of politics and of morals. The triumph of Socialism would involve a

step backward: for the competition of parties existing side by side, it would substitute the social war, it would arrest the evolutionary process which substitutes contract for statute, as set forth by Sir Henry Maine, and it would subordinate all actions to the dispositions of authority.¹ The result would be a reign of slavery among the ruins.

There are people who resign themselves to the Socialist invasion, as some Romans in the period of the decline of the Empire resigned themselves to those of the barbarians. They say that the Socialists, being the more numerous (which is not the fact) and the stronger (which is open to doubt) are possessed of the enthusiasm of conquerors and must prevail. Wise and prudent folks therefore prepare to accommodate themselves to their tyranny, and are ready to pay court to them. They are already seeking to conciliate the Socialist leaders, salute them politely, and assure them of their readiness to make every sacrifice to carry a sound Socialism into effect. By such cowardice they think that they are taking good security for their own advantage. When their backs are turned they wink their eyes and nod their heads, as much as to say: "See what sly fellows we are. The Socialists think that they are conquering us, whereas it is we who are the conquerors. The best way to annihilate them is to give in to them."

This haphazard policy was followed by a man with a reputation for vigour and perspicacity. Bismarck attempted to switch off Marxist Socialism into a bureaucratic Socialism--result, 3,200,000 Socialist votes in the elections to the Reichstag in 1907!

All those who make concessions to the Socialists weaken themselves for the Socialists' advantage. The Socialists cannot form a portion of a govern-

¹ Yves Guyot. "La Démocratie individualiste." Sir Henry Maine, "Ancient Law."

PREFACE

ment majority because, their programme being one of conflict and of pillage, they impose it as a condition of their co-operation, while the essential attribute of the State is the maintenance for all of internal and external security.

It has been said that a Socialist minister is not a minister who is a Socialist. How indeed could he be? As minister of justice, instead of protecting property and persons, he would have to recognise no right other than the pretensions of the "class" which he represents; as minister of finance, he would have to proclaim the bankruptcy of the State, a simple and practical means of nationalising debt and abolishing investors. A party, the primary obligation of whose representatives on attaining to power is to disown their programme, can destroy, but can construct nothing. They do not strengthen the administration to which they are admitted, but they are forthwith excommunicated by the Socialist party. We have seen instances in the case of M.M. Millerand, Briand and Viviani.

Even in England the Labour Representation Committee refused to continue to pay Mr. John Burns the allowance paid to Labour Members of Parliament, more than a year before he attained to office. Inasmuch as members of the House of Commons are unpaid, the committee wanted to force him to accept assistance from the Liberal party in order that they might be able to denounce him as a Liberal hack.¹ In opening the Stuttgart Congress, Herr Bebel observed that the inclusion of John Burns in the British Cabinet had not modified the fighting tactics of the Labour Party.

It is a mistake to temporise with Socialist fallacies; it is necessary to expose their falsity and their consequences instead of humbly saying to those who propagate them, "Perhaps you are right, only possibly you are going rather far."

1 "The Star," February 10th, 1905.

M. Léon Say has repeatedly said that to refuse to give battle for fear of being beaten is to accept defeat. In France, governments and majorities in the Chamber of Deputies have acquired the habit of yielding to the commands of the General Confederation of Labour and to the threats of strikers. It will be seen hereafter¹ that this weak policy has reduced the policy of violence to a system. At the time of writing, the masons are demanding kennels at the Labour Exchange for the dogs that are trained to track and hunt down non-strikers!

I trust that the failure of the general strike in Sweden, where the Labour Party claims to be the best organised in the world,² will have the effect of reassuring the faint-hearted. The leaders of the Labour Federation ordered a general strike for the morning of August 4th, 1909, and their order was obeyed with docility by 250,000 workmen. The butchers, grocers and bakers found themselves without clerks or workmen. If the railway employees refused to run the risk of losing their pensions by breaking their contracts of labour, the tramway employees, who were bound by a collective contract, did not hesitate to tear it up. The "Social Demokrat" attempted to prove that they were entitled, and that it was their duty, to do so under conditions which created a case of moral force majeure. M. Jaurès on being consulted replied, according to M. Branting, the leader of the Swedish Socialists, that it was the undoubted duty of the workmen to keep their engagements, but that "this obligation could not deprive them of their legitimate means of defence."³ This line of argument, borrowed from Escobar,⁴ did not capti-

¹ *Infra*, Book VIII.*

² Lindley, *The Trade Union Congress*.

³ "The Times," September 1st, 1909.

⁴ A Spanish casuist who advanced the proposition that "good intentions justify crimes."

vate public opinion. Various groups were organised for purposes of defence. Noblemen, bourgeois, officers, students and clerks went to work as they would have done in the case of a besieged city; there was no lack of food, the roads were swept, the hospitals kept open and order secured against the efforts of the strikers by the public security brigade. The Labour Federation had expected to turn over society like an omelette. It encountered a formidable resistance. The population of Sweden numbers 5,377,000. The 250,000 strikers who had declared war upon their fellow citizens learned that this majority had no intention of submitting to their good pleasure.

The government refused the part of mediator which some counsellors, full of good intentions, but wanting in perspicacity, advised them to assume. It did not tell the nation at large that it ought to give way, or advise the strikers not to be too exacting. It contented itself with its proper part—that of maintaining order.

The lesson is complete. M. G. Sorel, the doctrinaire member of the French General Confederation of Labour, without indulging in any illusion as to the possibility of a general strike, advised the Socialists to employ it as a myth, destined to seduce the ignorant and credulous masses. In order that they might continue to exploit it, they should have kept it alive in people's imaginations, and should not have attempted to introduce it into real life. The bogey became ridiculous when its inventors tried to materialise it. They have had an opportunity of seeing that the bourgeoisie does not allow itself to be plundered as easily as they imagined.¹

Economic ignorance is a far more powerful factor in Socialism than cowardice. "It is much about the same from top to bottom of the social

¹ See *infra*, Book VIII., chap. ix.

ladder," said M. Louis Strauss recently, the distinguished president of the Belgian Conseil Supérieur du Commerce et de l'Industrie. By reason of this ignorance a number of grown-up children, who fancy themselves to be mature citizens, believe that the State can fix wages and the hours of labour, turn the employer out of his undertaking and replace him by inspectors, and secure markets for commodities, while raising their net cost according to the whims of parliamentary majorities.

In this book I have set forth economic facts which everyone is in a position to verify for himself. It is a manual for the use of all who are desirous of calling themselves familiar with the question, including Socialists who hold their opinions in good faith.

YVES GUYOT.

September, 1909.

BOOK I

UTOPIAS AND COMMUNISTIC
EXPERIMENTS

CHAPTER I

PLATO'S ROMANCE

Politico-economic romances—Common features—Government by the wisest: abolition of private interest—Castes—Plato and the warrior caste—Conception realised by the Maniakes in Egypt—Police—Xenophon—Plotinus—Monasteries, their principles: separation of the sexes, contributions of the faithful.

VON KIRCHENHEIM, in his book, "Die ewige Utopie," has traced the history of politico-economic romances after Sudre, Reybaud, Moll and others. These works all present a family likeness and are founded on the ancient conception of a golden age, an Eden, an ideal existing in a far distant past—a conception which survives in such writers as Karl Marx, Engels and Paul Lafargue, who would have all the ills of humanity date from the moment when the communism of primitive societies came to an end. All these conceptions seek to confer the governing power upon the wisest: Plato gives it to the philosophers, and the same idea reappears in Auguste Comte. They are all founded upon the suppression of private interest as the motive of human actions, and the substitution of altruism (to use the word coined by Auguste Comte), to attain which their authors abolish private property, and those among them who are logical set up the community of women.

Nearly all these writers constitute castes. Plato proclaims the necessity of slavery and declares that the occupations of a shoemaker and a blacksmith degrade those who follow them. Labourers, artisans, and traders form a caste whose duty it is to produce for warriors and philosophers and to obey them. In the "Republic" the caste of warriors only possesses property collectively, the abolition of private property being in Plato's opinion the best means of preventing the abuse of power. The

annual unions between men and women are to be decided by lot, controlled by expert magistrates, careful to ensure the most favourable conditions for the reproduction of the species, the army being treated like a stud.

We saw a caste organisation of this kind for three centuries in Egypt, a college of Ulemas and a corps of Mamelukes recruited from among children with no family ties, all exploiting the miserable fellahs until they were completely exhausted.

In his "Laws," in which he attempts to work out his conception in detail, Plato fixes the number of citizens at 5,040, each with a share in the public lands, the equal produce of which is sufficient to support one family. These lands are indivisible and inalienable, and are transmitted by hereditary succession to the son who is appointed to receive them. The State is divided, in honour of the twelve months of the year, into twelve districts, in which numerous officials, as well as the councils, reside. The police enter into the minutest details of the life of every individual; until the age of forty travelling is forbidden. The police must see to it that the number of citizens shall neither increase nor diminish. The industrial occupations are followed by slaves controlled by a class of free labourers without political rights; commerce is left to strangers. A citizen of the Platonic city may not possess precious metals or lend out money at interest. Moreover, if Plato, in order to put his conceptions of the State into practice, reverts to individual property, he continues to proclaim that "the community of women and children, and of property in which the private and the individual is altogether banished from life"¹ is the highest form of the State and of virtue.

Plato's speculations exercised no influence upon the legislation and the politics of antiquity.

(1) Plato, *Laws* v. 739 (Jowett's translation).

Xenophon, on the contrary, set forth the conception of an ideal monarchy in the *Cyropaedia*, everything being conceived upon a utilitarian basis.

Three centuries after Christ, Plotinus, who was ashamed of having a body, and desired to free the divine element which was in him, dreamed of founding in Campania a State upon the model conceived by Plato—his desire remained in the region of dreams.

Communism was only carried out in monasteries, whose existence was based upon the two principles of separation of the sexes and contributions of the faithful.

CHAPTER II

THE KINGDOM OF THE INCAS.

The Incas, children and priests of the sun—A military theocracy.—Administrative organisation—Police—Marriage—Common labour—The Kingdom in dissolution after the landing of Pizarro.

IN South America an organisation existed for several centuries to which true Socialists still point as an ideal. In the sixteenth century Garcilaso de la Vega, a Spaniard, wrote a history of the Incas, so full of admiration for them that he made their power extend back for thousands of years, whereas at the time of the landing of the Spaniards their empire only dated back for five hundred years. They are looked upon as a clan of the race of Aymara,¹ which has left the great ruins of Tiahuanaco on the shores of Lake Titicaca.² They created the legend of Inti, the sun-god, who, out of pity for the savage denizens of the mountains of Peru sent them his son Manco Capak and his sister and wife, Mama Oello. These taught men to build houses and women and girls to weave. At first their power did not extend beyond the kingdom of Cuzco, confined within narrow limits. The fourth of the Inca kings, Maita Capak, was the conqueror of Alcaziva, a descendant of the vassal-chiefs of Cuzco. His three successors extended their dominions by conquest. They constituted a warrior caste with the combatants from the conquered peoples whom they dispossessed, and in order to employ it their successors added to their conquests. They did not fall upon their enemies: they demanded their submission, and frequently on obtaining it they made a vassal of a conquered chief. They

¹ In my book, "La Propriété," I reproduced the hypothesis that the Incas were of an alien race.

² "The World's History," edited by Dr. H. F. Helmolt. Vol. i. The Prehistoric World: America, p. 315.

secured their authority by means of garrisons, and established large victualling depôts for their soldiers. The rule of the Incas was not preserved from trouble; in spite of all their efforts their power met with resistance and provoked revolt.

One of its characteristics was that it was a military theocracy. The Inca, son and priest of the sun, was the absolute master of person and of property, of act and of will. He was the sole holder of property, but he had divided the soil into three portions between sun, Inca and subjects. He was also the sole owner of the flocks of llamas. Officials collected the wool and distributed it among those who were charged with stapling it; they slaughtered sufficient llamas to support the Inca. The mines of gold and silver were developed for the benefit of the Inca, but, inasmuch as there was no commerce, the precious metals were used only for ornament.

There were no taxes, the entire labour of each individual being due to the State. A piece of land was allotted to each family, which consisted of ten persons. The original portion was increased by one half at the birth of each son and by a quarter at the birth of a daughter. It constituted the administrative unit, and an official was told off for the purpose of taking care of it and of supervision. Ten families formed a group of one hundred occupiers and of ten officials under the supervision of a chief. Next came ten times a hundred families and ten times a hundred officials, and ten thousand families, with a like number of officials, constituted a province. The governors of a province, who were, as far as possible, members of the family of the Incas, and the principal overseers of the smaller groups were bound to appear at the court of the Inca from time to time and to transmit reports regularly. They were under the constant supervision of inspectors, and when a family was in default, it was punished,

as were also its overseers of different degrees who had failed to exact its obedience.

Everyone, both male and female, was compelled to work. At the age of twenty-five it became the duty of the young Peruvian to marry, a day in each year being consecrated to this ceremony. The officials pointed out to each youth the maiden whom they decided to bestow upon him; a piece of land with a house was allotted to them, and when the province was already too populous, they were sent to new territories. The young men were liable to military service, while a number of young girls were selected to work in monasteries in which they were bound over to chastity under penalty of death. The lands of the sun and of the *Isca* were cultivated in common as State lands. The overseers conducted those over whom they had jurisdiction to labour as though to a festival, but they first flogged and afterwards hanged them if they refused to perform their share of the work. The same punishment was inflicted upon anyone who ventured to cease work without permission; old men and children were obliged to supply their contingent. Yet the Incas made no attempt to introduce this system in all the provinces which they had conquered.

The Spaniards landed in America during the period when Huacna Capak was occupied in reducing Quito, where he forgot his wife and his son Thrascar and violated the law of the Incas by taking to wife a woman who was not of their race. By her he had a son, Atahualpa, who became his favourite, and to whom he bequeathed the Kingdom of Quito, the Kingdom of Cuzco falling to Thrascar. A quarrel broke out: Atahualpa descended upon Cuzco with his warriors, gained a victory and put the Incas to the sword. When Pizarro landed in Peru he found the country in a state of anarchy, which explains the ease with which he succeeded.

CHAPTER III

SIR THOMAS MORE'S "UTOPIA" AND ITS APPLICATIONS

- i. Sir Thomas More—Sources of his *Utopia*—its symmetry—Propaganda by university and clergy.
- ii. Influence of More's book upon Thomas Münzer—Rising of Mulhouse.
- iii. The Anabaptists—Mathias—John of Leyden—Common characteristics—Absolute supremacy of a prophet and of the mob—Internal dissensions.

I.

THOMAS MORE, Chancellor of England, published his *Utopia* at Louvain in 1516. The book consists of a critical part dealing with the government of England and contemporary politics, and of a part setting forth the organisation of a communistic society. More was familiar with the humanists from whom he drew his inspiration as well as with the travels of Columbus, of Peter Martyr and of Amerigo Vespucci. Columbus had spoken of peoples who held everything in common, living under the unlimited authority of a cacique, who spoke in the name of a divinity. Amerigo Vespucci had seen peoples living in a more or less anarchical state of communism, huddled in large barns containing some hundreds of persons.

More proceeded to trace the ideal of what Paul Lafargue calls the return of communism. There are too many poor people in Europe. To abolish property is to abolish the difference between poor and rich. The Utopians conclude that this will be for the benefit of the poor. The inference does not follow, for the abolition of property cannot be a factor in the accumulation of wealth.

More sets out in his comfortable fashion the geography of the Isle of Utopia. He places therein fifty-four cities, all built upon the same plan and with identical institutions; a territory of not less

than twenty miles square in extent, the duty of cultivating which is apportioned between a certain number of families, is attached to each town: each family consists of no fewer than forty men and women and of two bondmen. Every year twenty citizens who have spent two years in cultivating the land return to the town and are replaced by twenty others. All the inhabitants of Utopia, both men and women, labour, but only for six hours a day. They have few wants, their clothing is made of leather and skins which will last for seven years. Their meals are taken in common, the women being seated opposite to the men. Travelling is rendered almost impossible. Every town is to contain six thousand families: when a particular family is too rich in children, it bestows some of them upon those which have not enough. Marriage is surrounded with formalities; the community of women is unknown, and adultery involves slavery.

The form of government consists of a prince elected for life and of a body of magistrates and officers elected for one year. The Utopians are men of peace, but they make war at need and employ mercenaries to carry it on. Religious liberty is established, but whosoever does not believe in the existence of Providence and in the immortality of the soul is incapable of receiving employment.

These visions have been translated, re-edited and propagated. When I was seven years old, just after the revolution of 1848, I was given as a prize a book approved by the Archbishop of Tours, a Life of Sir Thomas More, with the description of Utopia in an appendix. Yet the university and clergy who circulated this work must have known that it had translated itself into acts of fury within a very few years of its publication.

II.

In 1525 Thomas Münzer, a Protestant pastor in Saxony, at the suggestion of his master, Storch, who was inspired by the Bible and by More, attempted to put the "Utopia" into practice. After having attempted to cause a rising in Guabia, Franconia and Alsace, he succeeded in driving out the town council of Mühlhausen and in installing himself in the Johannisterhof on March 17th, 1525. The rich were commanded to feed and clothe the poor and to provide them with seeds and with land upon which they might work: the majority of them fled, as is usual with them at times of crisis. Thomas Münzer spoke as a prophet and dealt out justice with the freedom of a delegate of Heaven. He sought to raise the miners of the Erzgebirge by telling them to rise and fight the battle of the Lord. "If you do not slay, you will be slain. It is impossible to speak to you of God so long as a noble or a priest remains upon earth." Münzer sallied forth from Mühlhausen at the head of a kind of army. He mounted a black charger and was preceded by a white banner, upon which shone a rainbow. His bands laid waste and massacred throughout their career: after an initial defeat at Fulda, they were destroyed at a place which has since been known as the Schlachtberg (Battle Mountain), despite the invocations of Münzer to the Lord. Münzer himself was taken, tortured and beheaded.

III.

Münzer left behind him Anabaptists, who scattered themselves over Switzerland, Moravia, the Low Countries, and North-West Germany. A baker of Haarlem, called Mathias, in a book entitled "La Restauration," declared that every human individual must be regenerated by means of a new baptism, that princes, taxes and the administration of justice must be suppressed, and

polygamy and the community of goods established. The Anabaptists, inaugurated their rule at Munster on February 1st, 1534. They commenced by demolishing the church towers, for greatness must be laid low, and in burning the holy images. They commanded everyone under pain of death to come and deposit their money and articles of value at a given house. The doors of the houses were to be left open day and night, but they might be protected by a small railing in order to preserve them from invasion by the pigs which swarmed in the streets.

Mathias having been killed in an attack upon the troops of the Duke of Gueldres, a former inn-keeper of Leyden, known as John of Leyden, affirmed that his death was a sign of the grace conferred by God upon his prophet, claimed to be inspired by the Bible, entered into communion with the Spirit of God, and in the first instance nominated twelve judges of the people, following the example of the Judges of Israel; but on encountering some opposition among them he declared that God in a fresh revelation had commanded him to assume absolute power and to become the king of the New Zion. A comrade called Tuschocheirer, perhaps in good faith, declared that God Himself had confirmed to him His command given to John of Leyden to ascend the throne of David, to draw the holy sword against kings, to extend His kingdom throughout the world, giving bread to those who submitted and death to those who resisted. In order to contend with the kings he anointed himself as King of the New Zion, arrayed himself in a robe made out of the silver embroideries of the churches, and a coat picked out with pieces of purple and decorated with shoulder knots of gold, put on a golden crown and a cap studded with precious stones, and displayed upon his breast a magnifi-

cent chain supporting a symbolic globe which bore the inscription, "King of justice on earth." He never appeared without an escort with richly-caparisoned horses, and installed himself on a throne set up in the public square, where he combined the functions of legislator and of judge.

He married fifteen wives. For had not Solomon many wives? And is not the first commandment of God *crescite et multiplicamini*? How could a monogamist observe this commandment during the pregnancy of his wife? Upon one of his wives failing in respect, he tried, condemned and executed her himself, and danced before her corpse with his other wives in imitation of David, while the rabble followed suit to the cry of "*Gloria in excelsis!*"

The Anabaptists were defeated and massacred at Amsterdam: Famine raged at Munster; on June 25th, 1535, the troops of the Bishop of Munster entered the town and the orgies of the Anabaptists were succeeded by those of the forces of order. John of Leyden was put to the torture, exhibited in an iron cage, which may still be seen, and was finally executed on January 22nd, 1536. At the end of ten years the Anabaptists, who had proposed to conquer the world, were crushed, massacred and scattered abroad. These communists had found at Mühlhausen and at Munster but one form of government—the absolute rule of a prophet and under him nothing but a mob and a rabble.

After their fall the Anabaptists founded communities in Moravia in true monastic form, although marriage was permitted. They were obliged to labour even on Sundays, and to preserve perpetual silence. These people, surrounded as they were by enemies, found occasion to dispute among themselves: they excommunicated one

another, and when they were not disputing they gave way to intoxication, all of them striving to escape from the terrible oppression resulting from their communism.¹

CHAPTER IV

ANDRÆ AND CAMPANELLA

I

- i. Andræ and the *Universal Christian Republic*.
- ii. Campanella, the Dominican, and the *Civitas Solis*—Powers and duties of ministers—The minister of eugenics—A convent with sexual promiscuity.

JEAN VALENTIN ANDRÆ, a Protestant pastor, published in 1620 a "Description of the Universal Christian Republic," in which he re-models More's "Utopia" from the Protestant point of view. The authority of government is in the hands of a pontiff, a judge and a minister of science. He reasserts in all the appropriate accents the return to God and the absorption in the grace of Christ.

In the same year a Dominican born in Calabria who, being accused of conspiring against Spanish sovereignty and of other crimes, had passed more than twenty-five years in the prisons of Naples, and had three times suffered torture, published the "*Civitas Solis*." In this work the government is entrusted to a prince-priest named Hob, with three ministers under him: Pan, Sin and

¹ F. Catron, "Histoire du fanatisme des religions protestantes, et de l'Anabaptisme"—Henri Olten, "Le Tumulte des Anabaptistes"—Guy de Bres, "La Racine, source et fondement des Anabaptistes."

Mor, charged respectively with war, with science, and with everything that concerns generation and the maintenance of life. Von Kirchenheim remarks with astonishment that these are the first ministers of special departments known in the history of politics.

II

Campanella boldly accepts communism—living in common and community of women and of children. The minister Mor, with the assistance of subordinates of either sex, selects the parties to every marriage, and after taking the opinions of astrologers, directs the day and the hour at which they are to procreate their offspring. From the time when they are weaned, children are brought up in common. Campanella has them instructed in a particular manner. The work of adults is reduced to four hours a day and is directed by officials with the right to inflict punishment. Jurisdiction is solely of a criminal nature, as there cannot be civil disputes. Once a year everyone must confess. Meals are taken in common, the use of wine being forbidden.

Campanella commenced by putting forward the feelings of honour and of duty as sufficient motives for right conduct; he ends with penal sanctions. His conception of society is that of a monastic institution which permits of sexual promiscuity.

In his "De Monarchia Hispanica" he sets out a scheme of universal monarchy under the suzerainty of the Pope, supported by the military power of Spain. All the peoples of Europe will be one, heretics will be exterminated, peace will prevail on earth and the community of property will entirely suppress poverty.

CHAPTER V

PARAGUAY

Paraguay—Jesuit recruiting—Absence of civil and criminal legislation—Private property—Religious worship—Common meals—Clothes and lodging—Corregidores as police—Confusion of moral and civil order—Absence of commerce—Misery and idleness.

At the time when Campanella's book appeared, the Jesuits were putting its principles into practice in Paraguay. They had obtained certain privileges from Philip III., but Diego Martin Neyroni, the Governor of the Spanish possessions from 1601 to 1615, drove them back into the countries of Guaycuru and Guarani, where they succeeded in becoming independent of the Spanish viceroys and in refusing to tolerate the presence of any Spaniard. They found there a population accommodating enough to submit to a discipline under which a few hundred Jesuits were enabled to govern a territory extending from the Andes to the Portuguese possessions in Brazil, comprising the valley of Paraguay and part of the valleys of Parana and of Uruguay, and covering an area of four or five times the size of France.

In addition to their central establishment they had thirty-one others, which they called "Reductions."

According to Alexander von Humboldt, the Jesuits proceeded to the conquest of souls by flinging themselves upon the tribe they selected, setting fire to their huts and taking away as prisoners men, women and children. They then distributed them among their missions, taking care to separate them in order to prevent them from combining.¹ These prisoners were slaves, of whom the house of Cordova possessed three

1 "Voyage aux régions Equinoxiales," vol. vi., book vii., ch. 19.

thousand five hundred at the time of the suppression of the Order.

Conversions were effected with great despatch by touching the converts with damp linen. The baptism being then complete, they sent the certificates to Rome. Each tribe had two rulers, a senior who was concerned with the temporal administration, and a vicar who carried out the spiritual functions.¹

They did not establish any system of municipal laws, for which there was no necessity, either to regulate the condition of families (for there was no right of succession and all children were supported at the charges of the Society) or to determine the nature and the division of property, all of which was held in common. Neither was there any criminal legislation, the Jesuit fathers correcting the Indians under no rules other than their own wills, tempered by custom.

Although labour in common was the rule, the Jesuits were obliged to make some concession to the desire for private property and to the need for personal service. They therefore granted a small piece of land to each family with liberty to cultivate it on two days in each week. They also gave occasional permission to the men to go hunting or fishing on condition of their making the heads of the mission presents of game or of fish.

Two hours of every day were set apart for prayers and seven for work, except on Sundays, when prayers occupied four or five hours. Every morning before daybreak the entire population, including infants who were hardly weaned, assembled at church for hymns and prayers, and the roll was called, after which everyone kissed the hands of the missionary. Some were then taken by native chiefs to labour in the fields and others to the workshops. The women had to

1 Charles Comte, "Traité de la Législation," vol. iv., p. 464.

roast sufficient corn for the needs of the day and to spin an ounce of cotton..

Every morning during mass broth was made of barley meal, without fat or salt, in large cauldrons placed in the middle of the public square. Rations were taken to the dwellers in each hut in vessels made of bark, and the scrapings were divided among the children who had acquitted themselves best in their catechism. At midday more broth was distributed, a little thicker than that which was supplied in the morning, containing a mixture of flour, maize, peas and beans. The Indians then resumed their work, and on their return kissed the hand of the priest and received a further ration of broth similar to that of which they had partaken in the morning. Although cattle were plentiful, according to some accounts, meat was only distributed in exceptional cases or to men who were at work; according to others it was distributed daily. . Probably each "Reduction" followed its own particular system according to the amount of its resources. Salt was scarce, a small bowl being served out to each family on Sundays.

Regulations fixed the amount of cloth, which was given annually, to men at six "varas" (five yards) and to women at five "varas." This they made into a kind of shirt which covered them very indifferently. They had neither drawers, shoes, nor hats. Children of either sex went naked until they attained the age of nine.

• Their huts, which were very small and low, were round. The framework consisted of posts driven into the ground and joined at the tops, trusses of straw being spread upon them to protect the inside. The inhabitants were crowded into them to the number of fifteen for each hut, of which an accumulation formed a town. There were no dwellers in the open country, owing to

the difficulties of supervision. In the centre of a town stood the church, and beside it were the college of the fathers, the stores and the workshops. The streets were regularly laid out and planted with trees, and each town was encircled by an impenetrable hedge of cactus. The church was built with the sham elaboration and filled with the tinsel which are the characteristics of Jesuit art. Music was performed in them, choirs organised, and religious exercises practised, among which self-flagellations, to which women and girls submitted themselves, crowns of thorns, and positions representing crucifixions were to strike the imaginations of the natives.

The Jesuits selected from among their own members corregidores to watch over conduct, to supervise the regular performance of the religious ceremonies and to direct and control labour. These held office for two years. A native was never elevated to the dignity of a priest. The Jesuits solemnised marriages twice a year, but the community of goods had a sinister influence in encouraging the community of women.

The fathers were the guardians of virtue as of everything else. Of their manner of exercising their functions I will only quote from Bougainville, who was at Buenos Ayres at the time of the expulsion of the Jesuits, this passage: "My pen refuses to record the details of what the people allege. The passions aroused are still too recent to allow of the possibility of distinguishing the false charges from the true."¹ Clearly it was not respect for the native women and girls that could restrain the fathers, and we perceive once again the danger of confounding moral order with that which is imposed by legal institutions. The former had put an end to the latter, and there was no security either for person or for property.

¹ Bougainville, vol. i., pp. 186-197.

Every Jesuit was at one and the same time confessor, legislator and judge, and if he despised the office of executioner he nevertheless superintended the process of execution.

The Jesuits converted every Indian into an informer at the moment when he made confession, and when one of those whose confession had previously been made approached him, the Jesuit found no difficulty in convicting him. Punishments were not of a spiritual nature; they consisted of lashes with leather thongs inflicted upon men in public and upon women in secret, a father or a husband being frequently charged with the office of executioner, the culprit being finally constrained to kiss the hand of the father who had caused him to be chastised. Offences were of two kinds, offences against doctrine, failure to attend a religious ceremony and the like, and offences against economic obligations, such as negligence in work or even losing seed or cattle, which the fathers would replace without objection, but with the addition of a thorough whipping.

Commerce was prohibited and money unknown. There was no trade except with the foreigner, and this was undertaken solely by the Jesuits. It is estimated that they were able to collect from one to two millions of *écus* annually, of which one half was remitted to the General of the Order. Naturally the natives had no share in it.

The natives were not allowed the use of horses for fear lest they should depart from their settlements; they were not permitted to go beyond fixed bounds, on pain of the lash if they disobeyed. They worked very badly and very little. Antonio de Ulloa¹ says that seventy labourers were required where eight or ten Europeans of moderate capacity would have sufficed. They lived in a state of wretched and abject inertia. One fact

¹ Cited by Charles Comte.

alone proves their condition of stagnation. Although a bell called them nightly to the performance of their conjugal duties, the population failed to increase.¹ When the Jesuits were expelled in 1768, they left a population in a miserable condition such as Bougainville and La Perouse have described. Such was the result of putting into practice the principles of Campanella's "Civitas Solis."

¹ See Pfotenhauer, "Die Missionen der Jesuiten in Paraguay," 3 vols., 1891-1893.

CHAPTER VI

MORELLY AND THE "CODE DE LA NATURE"

- The "Basiliad"—Sexual Morality—Principles of the "Code de la Nature"—Their application: Babeuf and Darthé—Property and the Revolution.

IN 1753 Morelly, an author of whom few details are known, published two volumes in duodecimo, entitled "An Heroic Poem," translated from the Indian, and "Wreck of the Floating Isles, or Basiliad of the Celebrated Pilpai." I confess that I have not read them. Villegardelle has published extracts from them at the end of an edition of the "Code de la Nature," which were quite enough for me. But, judging by the passages cited by Von Kirchenheim, Morelly exhibits himself even more boldly in his prose poem as regards sexual morality than would appear in the pages of Villegardelle. "They knew not the infamous names of incest, adultery and prostitution: these peoples had no conception of these crimes: a sister received the tender embraces of a brother without any feeling of horror. . . ." From the moment when these acts ceased to be denominated by ugly words all was for the best.

The "Code de la Nature" appeared in 1754, a year after Rousseau's essay, "L'Origine de l'inégalité parmi les hommes." The author starts with the same idea, "The earth belongs to no man." He sets up a model of legislation "in conformity with the designs of nature." His inspiration is derived from Moore and Campanella and he is entitled to be considered as having inspired all the communists and collectivists who have succeeded him, including our contemporaries. The essential conditions of his system are as follows:—

Essential unity of property and of living in common: establishing the common use of instruments of labour and of products: rendering education equally

accessible to all: distribution of work according to capacity and of its produce according to needs: preservation round the city of land sufficient for those who dwell in it.

Association of at least one thousand persons in order that, while every one works in accordance with his power and capacity, and consumes according to his needs and his tastes, there may be set up for a sufficient number of individuals an average of consumption which does not exceed the common resources, and a total resultant of work which supplies them in sufficient abundance.

No privilege to be accorded to talent other than that of directing labour in the common interest and no regard to be had, in dividing the proceeds of labour, to capacity, but only to needs, which exist before capacity and survive it.

Pecuniary rewards to be excluded; first, because capital is an instrument of labour which must remain wholly at the disposal of those who administer it, and secondly because every grant in money is useless where labour, being freely and willingly adopted, would render the variety and abundance of its produce more extended than our wants, and injurious where inclination and taste failed to fulfil all useful functions, for this would be to enable individuals to avoid payment of the debt of labour and of obtaining exemption from the duties of society without renouncing the privileges which society ensures.

Morelly has codified this system, and I reproduce certain provisions of his code which it is desirable to compare with actual conceptions.

■ TITLE II.

ART. 5. Calculated upon tens, hundreds, etc., of citizens, there shall be for each calling a number of workmen in proportion to the degree of difficulty involved by their labour, and to the amount of its produce which it is necessary to supply to the people of each city without unduly exhausting the workmen.

ART. 6. In order to regulate the distribution of the products of nature and of art, it is necessary to recognise, in the first place, that these include articles

of a durable nature, i.e., such as can, at all events, be preserved for a considerable time, and that all products of this nature include:—(1) daily and universal use; (2) use which, though universal, is not continuous; (3) some that are continuously necessary to some one person only, but occasionally to everyone; (4) others that are never for continuous or general use, such as articles produced for isolated gratification or for a particular taste. Now, all these products of a durable nature are to be collected in public store-houses in order that they may be distributed, some daily or at fixed times to all the citizens to serve for the ordinary necessities of life, and as material for the labours of different occupations; others to be supplied to such persons as use them.

ART. 11. Nothing is to be sold or exchanged between fellow citizens, so that a man who has need of particular herbs, vegetables, or fruit is to go and take what he requires for one day's use only in the public place to which these things have been brought by those who grow them. If a man has need of bread, he is to go and provide himself for a stated time from the man who makes it, who will find in the public granary sufficient flour for the quantity of bread which he has to bake, be it for one day or for several.

ART. 10. The surplus provisions of each city or province are to overflow into those which are in danger of falling short, or are to be preserved for future necessities.

TITLE III.

ART. 3. Every citizen, without exception, between the ages of twenty and twenty-five is to be compelled to follow the pursuit of agriculture unless relieved by reason of some infirmity.

TITLE IV.

ART. 1. In every occupation the oldest and the most experienced are to take turns, according to seniority, and for five days at a time, in directing five or six of their companions, and are to fix the scale of work to be performed by them, moderately, on the basis of the amount which has been imposed upon themselves.

ART. 2. In every occupation there is to be one master for ten or twenty workmen

ART. 7. The heads of every occupation are to appoint the hours of rest and of labour, and to prescribe what is to be done.

TITLE VI.

ART. 1. Every citizen of the age of thirty shall be clothed according to his taste, but without exceptional luxury, and similarly is to take his meals in the bosom of his family, without intemperance or profusion; this law enjoins senators and chiefs severely to repress those who exceed.

Babeuf drew his inspiration from Morelly. The manifesto of the "Conspiration des Égaux," written by Sylvani Maréchal, explains the difference between their conception and that of an agrarian law which permits the division of property. "Agrarian laws or a division of lands arose from the sudden desire of a body of unprincipled soldiers, or of a people united by their instinct rather than by their reason. We aspire to something more sublime and more equitable—the common good in a community of goods." No more private property in lands, "The land belongs to no one; we claim, we want the communal enjoyment of the fruits of the earth." The law of the 27th Germinal of the year IV. (April 16th, 1796), which punished with death "all who incite to pillage, or to the division of private property under the name of an agrarian law or in any other manner whatsoever," was applied to Babeuf and Darthé.

The Declaration of the Rights of Man of 1793 had asserted, with even greater energy than the Declaration of 1791, the right of property, which it defined in Article 16 as that which belongs to every citizen to enjoy, and to dispose at will of his income, the fruits of his labour and of his industry.

CHAPTER VII

ROBERT OWEN AND "NEW HARMONY"

- i Robert Owen—His theories—Organisation of reflex action—Moral punishments—The right to direct—Used machinery and desired to return to the spade.
- ii The experiment of "New Harmony"—Its constitution—Anarchy—The dream survivor the experiment.

I

M. EDWARD DOLLEANS, Professor of Political Economy in the University of Lille, has published an interesting and learned volume on Robert Owen. Robert Owen lived from 1771 to 1858. The son of a village labourer, he passed as an apprentice through various trades and businesses, and was selected at the age of twenty to direct the important fine thread manufactory of Messrs Drinkwater, at Manchester. He developed this, and after leaving it in 1794, he married the daughter of a Scotchman called Dale, the owner of a large spinning mill at New Lanark, which he purchased and of which he assumed the control on January 10th, 1800, at the age of twenty-nine.

Robert Owen had imbued himself more or less conscientiously with the ideas of certain eighteenth century philosophers. He believed with Rousseau that man is born virtuous and that society has corrupted him, and that evil is inherent in institutions and not in man. He thought with Helvetius that all men possess the same degree of receptivity, so that man is the product of his surroundings with neither liberty nor responsibility of his own. It is necessary, therefore, to prevent evil and not to repress it. In order to prevent it, it is necessary to organise a machine into which every individual shall fit and perform the function which he sought to perform without realising it.

This conception is not new. The organisers of every religion have subjected their followers to

dogma and ritual; by faith they destroy individual thought; by ritual they subject men to fixed mechanical observances. The repetition of impressions stores up a particular sentiment in a particular group of cells in the brain, which cause the performance of a particular definite act. Creeds, education and military discipline never were and are not anything but the more or less systematic organisation of the phenomenon which is termed reflex action in the science of physiology. Owen furnishes an example. He is desirous of having the best machinery and the best cottons, but it is necessary to extract the greatest possible amount of advantage from them by means of a well-trained staff which is not overworked and is well fed and healthy, and is not enfeebled by drunkenness and disorderly living. He devotes himself to the well-being and the discipline of his workmen and prepares recruits for the future by undertaking the education of their children; but he does not interfere directly, although kept informed of the personal condition of his employees.

While holding that man is irresponsible, and consequently ought not to be punished, he has recourse to a form of moral correction. Over each loom there hangs a square of wood, each side of which is painted a different colour, black, blue, yellow, and white. If the workman has misconducted himself on the preceding day, the colour which is exposed to view is black, if he has conducted himself well it is white. Owen by walking through the workshops sees at a glance upon the "telegraph" the condition of each of his employees, but he never remarks upon it to them.

The measures taken by Robert Owen, and his commercial practices, marked as they were by a niceness which inspired all the more confidence by reason of their unexpectedness, assured the success of his undertakings. But not content with doing

good business, his desire was to transform the world.

In 1800 children were largely employed who belonged to the parish by virtue of the Poor Laws, and were cruelly over-worked. Owen, by precept and practice, showed how to reform the system under which they were abused, and on his competitors failing to follow his example he appealed to the legislature and obtained the Act of 1802, which formed an addition to the Poor Laws. He persevered and obtained the Act of 1817. He also desired to find a solution to the question of unemployed workmen during the crisis which followed the revolutionary wars.

Owen was never at a loss. He considered that the masses should be led by superiors, without enquiring into the origin of the right of control which he possessed, taking those who were out of work and making them inmates of "nurseries of men," to use his own bold and characteristic expression.

Owen is an example of how a great captain of industry may thoroughly understand the conduct of his own business and may yet lose his footing when he meddles with politics. While himself employing the most highly perfected machinery, he looked upon machinery as the origin of the suffering of the workers, and in order to supply them with work he proposed to substitute the spade for the plough. This industrial worker dreamt bucolic dreams, and, considering agriculture to be the source of all riches and virtue, he desired to have the State organised as an agrarian community divided into communities of from 2,000 to 3,000 inhabitants, each of which should be self-contained and self-sufficient.

II

Owen was prepared to put his experiments to the proof, and did so at Motherwell, in Scotland,

with a capital of £50,000. But M. Dolléans devotes himself to the study of a more important one of which full information is available—this was "New Harmony" in Indiana, U.S.A.

The point was to substitute a new organisation for an existing communistic organisation, namely, that of the Rappists. The Rappists had succeeded, but each of them desired to have his share of the capital of the Society instead of leaving it undistributed. This ending might have enlightened Owen as to the ultimate consequences of his experiment in admitting that everything there was for the best. He proceeded to the United States in 1825, and made a great to-do over his foundation. He enlisted Maclure, a rich American (who contributed 150,000 dollars), a number of philosophers, and eight hundred visionaries and persons of unsettled temperament, dreamers of either sex, each one of whom believed communism to be the ideal, provided that his system was accepted, as well as some adventurers and knights of industry.

On May 1st, 1825, the experimental or preliminary society was constituted. Every one is under a general duty to place his capacity at the service of the community, for each member of which an account is opened, the value of his services being carried to his credit and his various expenses to his debit. In the result this beautiful arrangement merely ended in the most complete anarchy. At the end of six months the industries left by the Rappists disappeared and there was neither labour nor control. Those who might feel disposed to work were unwilling to do so for the benefit of the idle. A large amount of discussion and disputation ensued, and a convention was nominated, which, on June 3th, 1826, adopted a constitution which confuses juridical and moral questions. It is preceded by a declaration of general principles, in the front rank of which there

figure community of goods, equality of rights and of duties, sincerity and honesty in all acts, freedom from responsibility and the abolition of punishments and rewards.

The assembly, which consists of all the members of the community of either sex of more than twenty-one years of age, is possessed of legislative power; the executive power is vested in a council consisting of three ministers, elected by the assembly, and of a secretary, a treasurer, a commissary and six superintendents, each placed at the head of one of the six departments of the community. Who appoints these superintendents? Their subordinates of more than sixteen years of age, subject to ratification by the general assembly. This restriction was not sufficient to invest these departmental chiefs with authority, they were dependent for it upon those whom they employed, while at the same time it was their duty to furnish the executive council daily with their opinion upon the persons under their authority. It would be difficult to find an organization better adapted to promote impotence and dissensions.

When Owen returned after the lapse of a year, he found "New Harmony" in dissolution, but with remarkable optimism he did not despair. He accepted the dictatorship, but on April 15th, 1828, he was obliged to admit the failure of an experiment which had cost him personally 200,000 dollars. I will not exaggerate this negative result; it is obvious that the elements of which the population which came to make the experiment was composed were not the most suitable for ensuring its success. One is none the less entitled to enter it on the debit side of the communistic account.

These experiments failed to discourage this practical man from his visionary dreams. From 1834 until his death he published a weekly newspaper, the "New Moral World," in which he

persisted in proclaiming his unsectarian millennium, a new moral world which was to abolish individualistic competition in the interests of communism.

CHAPTER VIII

FOURIER AND THE AMERICAN PHALANX

- i. A maniac's ravings—Attraction of the passions—The passions and the constant persistence of species—Series or groups of passions—The phalanstery—Division of profits — Experiments — Victor Considérant.
- ii. Experiments in the United States—The North American Phalanx.

I

FOURIER, born in 1772, was the son of a draper at Besançon. A brilliant scholar, he found trade unworthy of himself, and conceived a hatred of business avocations, which was all the greater in proportion as they disturbed his maniac's ravings. His love of order was such that in his walks abroad he would take the measurements of a building or a public garden. In his passionate devotion to flowers, he desired to possess every variety of each species and to cultivate it. He adored music, and was full of enthusiasm for military displays.¹ He was an ardent admirer of the universal harmony which enabled the stars to travel through an eclipse without colliding, and drew therefrom the conclusion that humanity must obey a principle of harmony as the planets obey the law of gravitation.

1 Pellarin, "Fourier, sa vie et ses théories."

It did not occur to him that Newton had merely ascertained the relations between these phenomena and that these phenomena existed before Newton's time, and he fancied that on the day when a genius analogous to that of the English philosopher should have discovered this principle, all the difficulties of social existence would be dissipated.

Fourier believed that it had fallen to him to discover this principle—it was that of the attraction of the passions. He expounded it in his book "*Théorie des quatre mouvements et des destinées Générales*" (1808), and later in his "*Traité de l'association domestique et agricole*" (1822). In 1825 he settled in Paris, formed a small school, and published his "*Nouveau monde industriel et sociétaire*." Fourier was of the same mind with Bentham in his protest against asceticism, to which he opposes the "doctrine of happiness," which consists in the possession of a number of passions and of means to satisfy them. Duty comes from men, attraction from God. It is necessary to study attraction. If in existing society the unloosing of the passions produces fatal results, this fact proves that society is badly organised. This is a new form of Rousseau's assertion that "man is born virtuous and that society has corrupted him."

He believed that the passions are legitimate because they exist, but he departed from the principle of the persistence of species, and was convinced that the passions differed in species and variety as determined since the creation of the world. He said—

"The series of groups is the method generally adopted by God in the distribution of the kingdoms of natural history and of created things. Naturalists in their theories and their pictures have unanimously admitted this distribution; they could not reject it without seceding from nature herself and falling into confusion."

Fourier was not familiar with the works of Lamarck, and did not anticipate those of Darwin. He believed that philosophers had only to discover the order in which the Creator had arranged the species. Similarly he had only to discover the order in which the passions were arranged.¹ He continues :—

If passions and characters were not subject to distribution in series of groups, like objects in the kingdoms of natural history, man would be out of harmony with the unity of the universe; there would be a duplication of system and want of conformity between mind and matter. If man would attain to social unity, he must seek for the way in the system of series which God has imposed upon nature.

A series of the passions is a league or affiliation of various small conglomerations or groups, each of which exercises some species of passion which develops the genus of the passion for the entire series. Twenty groups cultivating twenty kinds of roses form a series of rose-growers as regards genus, and of white rose-growers, yellow rose-growers, moss rose-growers as regards species.

I will not prolong this explanation, but in order that his system may be fully understood, I must cite this passage :—

Passions which are confined to an individual are not admissible in this mechanism.

Three individuals, A, B, and C, like their bread in three degrees of saltness: A likes it with little salt, B with a moderate, and C with a large quantity; these three merely form a graduated discord, incapable of the graduated harmony which is required for a collection of groups which are related to one another in an ascending or descending order.

A regular group requires not less than even to nine separate units to make it susceptible of properly balanced conflict: one cannot, therefore, speculate upon individuals in series or groups of passions.

¹ Fourier "*Œuvres Complètes*," vol. iii., p. 19. *Théorie de l'unité universelle*.

Twelve men who were passionately to cultivate twelve different plants could not assist the interaction of a series. † The description of a series of passions always implies a relationship of groups, and never of individuals.

The three individuals, A, B and C, cannot constitute a series of bread-eaters or advocates of bread.

• If instead of three individuals one assumes thirty, that is to say, eight with A's taste, ten with B's, and twelve with C's, they will form a series of the passions or relationship of groups graduated and contrasted with regard to taste in bread. A combined intervention, or discords and cabals among them, will furnish the friction calculated to raise the making of bread and the growing of wheat to a state of perfection.

The series being formed, production, consumption and distribution will be effected by homogeneous series, united solely by the attraction of passion. This takes the place of necessity, morality, reason, duty and force which are employed by the "civilised."

Fourier works out a nomenclature of the passions, of which he classes twelve as fundamental. He seeks an organisation wherein the three "actuating" passions, (the alternating, emulative and composite) bring the five "sensitive" passions (taste, touch, sight, hearing and smell) into harmony with the four "affective" passions (love, friendship, ambition, and familism or paternity).

This organisation he finds in the "phalanx" of about eighteen hundred members, men, women and children of all ages, each "phalanx" organised in groups and series, which was to occupy a square league of land in common. The "phalanx" lives in a huge building called a "phalanstery," arranged in the most convenient manner, in which the different kinds of manufacturing industry are concentrated. Everyone can enrol himself in the series of workers which suits him best according to his taste.

The question of sexual relations is regulated as follows. A woman must first have a husband by whom she will bear two children, then a "genitor" by whom she will have one, then a favourite, and finally paramours. Men are allowed similar freedom.

In the midst of these dreams, Fourier nevertheless desired to respect certain economic notions: at the end of the year the total product of labour was apportioned as follows:—Five-twelfths to labour, four-twelfths to capital and three to ability: these portions being distributed in the first place among the series, then among the groups and so on. This method of distribution requires no operation in the nature of exchange, everyone's consumption being in accordance with his income, while a simple balancing of accounts will suffice every year to regularise his position.

Fourier thought that he had provided for everything. He dreamt of trying his system on a square league of land and appealed to princes for help. He fancied that some day a wealthy capitalist would come and offer him a million with which to form the first phalanstery, and he waited every day at midday for ten years for the unknown individual whose advent he confidently expected.¹

Some well-to-do young folks attempted to found a phalanstery at Condé-sur-Vesgres. Before the walls were finished anarchy reigned in their midst and their resources were exhausted. Another experiment at Citeaux met with no better success.

Fourier died in 1837, leaving disciples who propagated his ideas in France by means of books, lectures and associations. Among them were former pupils of the "Ecole polytechnique," such as engineers and artillery officers, who were captivated by the analogy between his principle and the universal law of gravitation. One of them,

¹ Pellarin, vol. ii., p. 203.

Victor Considérant, who had renounced the career of a promising officer in order to devote himself to Fourierism, sketched its programme in two volumes entitled "Destinée Sociale," which he dedicated to the King. Like the followers of Saint Simon, Fourier's disciples desired the intervention of the sovereign. Considérant became a member of the National Assembly and asked for three sittings in order to explain Fourier's system to his colleagues. On April 14th, 1849, he spoke amid general indifference, and on his concluding by demanding from the State a grant of 1,600 hectares of land and of four million francs, no one was found to support his proposal.

II

But in the United States there were forty experimental phalansteries between 1840 and 1850. Brisbane reduced the number of persons necessary to found a phalanstery to four hundred, each member having to subscribe \$1000 in order to form a capital of \$400,000. The members were to receive a quarter of the total produce of the association, or, if they preferred it, interest at the rate of 8 per cent. For \$1000 each member was to receive \$80, and with this sum the association undertook to provide its subscribers with support and shelter. The mansion was to cost \$150,000, the interest upon which at 10 per cent. would be \$15,000, *i.e.* an annual rent of \$37 for each of the 400 members: half of the rooms were to be \$20, others were to be \$100. A member living at the lowest rent would therefore have \$60 per annum over. As the association was to supply its own grain, fruit, vegetables, and cattle, and was to effect large economies in fuel and cooking, this would be sufficient.

Brisbane failed in the attempt to find subscribers. But other enthusiasts, although less methodical, carried out the propaganda for the

organisation of phalansteries. A number of individuals possessed of neither capacity, energy nor resources, founded phalansteries, some of which had a capital of less than \$1000. They took a small piece of land in a wild region, burdened it with as many mortgages as they could obtain, and the majority of the co-adventurers having no knowledge of farming, they failed as soon as a payment of interest fell due. Three phalansteries survived a little longer, the North American Phalanx continuing to exist for twelve years, the Brook Farm Phalanx for five, and the Wisconsin for six.

The North American Phalanx was organised with the collaboration of the most celebrated American disciples of Fourier—Brisbane, Horace Greeley (who, in 1872, was the democratic candidate for the Presidency of the United States), Ripley, Godwin and Channing. The original capital was \$8,000; in 1844 the property was valued at \$28,000; and in 1852 at \$80,000. In accordance with Fourier's theory, the system of groups and series was applied to labour, remuneration for labour being apportioned according to the difficulty and unattractiveness of each allotted task. Masons were paid 50 cents. a day and the doctor six and a quarter. The architect was rewarded for his ability by a premium of 25 cents. a day in addition to his wages. The profits were distributed at the end of the year, wages being thereby increased by about \$13, while capital received a dividend of about 5 per cent. The rent of a comfortable room was \$12. The members lived together, but their food was supplied according to a tariff, a cup of coffee cost half a cent, a portion of meat 2 cents, a pie—the national dish of North America—2 cents, etc. Each member paid 36 cents. a week for the use of the dining hall, and accounts were settled once a month. The members

of this phalanx were cultivated, and life was full of amenities: they indulged in music, organised dances, possessed a library and gave a good education to the children. The North American Phalanx survived all the other experiments yet every member felt that the life in common had not brought with it the advantages of which he had dreamed, the life was a narrow one and the administration of the settlement gave rise to criticism.

In 1854 a mill belonging to the Phalanx was destroyed by fire. Greeley offered to defray the necessary expense of rebuilding, and a meeting was called to consider his proposal. During the discussion a member proposed the dissolution of the Phalanx, and, although such a proposition was not on the agenda, it corresponded so closely with the general desire that it was carried. The property was sold, the shareholders obtained 66 per cent. on their capital, and the members returned to an "odious civilisation."

CHAPTER IX

THE ONEIDA COMMUNITY

Further communistic experiments—The Oneida Community—Its administration—The reign of God—"Mutual criticism"—Promiscuity—Dissolution—One Community formed by Americans, the others by Germans.

FURTHER experiments were made in the United States, there being thirty-two Socialistic establishments in 1842. John Humphrey Noyes, the author of the first "History of American Socialism," founded the Oneida Community in 1848, under the influence of Fourier's ideas. Its supporters contributed \$107,000; in 1857 the balance sheet shewed assets of \$67,000—a loss of \$40,000. In the ten succeeding years they made a profit of \$180,000; in 1874 they possessed 900 acres of land and numbered 300 members. Their affairs were administered by twenty-one committees, there being one committee for twenty members; there were also forty-eight directors of the various industries. The staff therefore must have been ample.

They believed that the kingdom of God was at hand; they desired the total and immediate abolition of sin, and they practised sexual promiscuity within the community, limited by freedom of selection. Control was exercised by "mutual criticism," with or without the consent of its object. Nordhoff has given a description of one of their sittings at which fifteen members were assembled. For a quarter of an hour they attacked a young man whose emotion was made apparent by his paleness and by the large drops of perspiration which he emitted.

The community existed for thirty years. Outside opinion was hostile to the system of sexual

morality which they practised, and possibly the "Perfectionists" were themselves tired of it; they gave it up, but from that day the community was dissolved, and in 1880 it became a commercial limited company.

This is the only community which was formed by Americans, all the others were formed by Germans, and all of them failed for the same reason, the corruption and despotism of those who directed them, and internal dissensions and rivalries, so that the time which ought to have been employed in production was wasted in disputes and compromises.

CHAPTER X

CABET AND THE AMERICAN ICARIANS

- i. The "Voyage en Icarie" — Its catchwords — Symmetrical arrangements—The State—In this land, of freedom all liberty is suppressed—Absence of civil and penal law—Powers of police—The dictator Icarus—The Budget.
- ii. A practical experiment — Texas — Nauvoo — Dissensions—Cabet expelled—His death—Cheltenham's experiment—End of the Icarians of Nauroo.

CABET was born at Dijon in 1788. He was a lawyer by profession, and had taken an active part in the revolution of 1830. He was appointed Procurator-General in Corsica, and was recalled and elected a deputy in 1834. He was sentenced to two years' imprisonment and retired to England, whence in 1839 he brought back his "Voyage en Icarie," written under the influence of Morelly's "Basiliad" and of the ideas of Owen. Under this title, with a peculiar typographical arrangement of his catchwords he brings together all the vague and high sounding expressions which were current in Socialist circles :

| | | |
|--------------------|-----------------------------------|---------------------|
| ALL FOR EACH | FRATERNITY | EACH FOR ALL |
| | LOVE | |
| | JUSTICE | |
| SOLIDARITY | MUTUAL AID | EDUCATION |
| EQUALITY—LIBERTY | UNIVERSAL INSURANCE | INTELLIGENCE—REASON |
| ELIGIBILITY | ORGANISATION OF LABOUR | |
| UNITY | MACHINERY FOR THE BENEFIT OF ALL | MORALITY |
| PEACE | INCREASE OF PRODUCTION | ORDER |
| | EQUITABLE DISTRIBUTION OF PROFITS | UNION |
| | ABOLITION OF MISERY | |
| PRIMARY RIGHT— | PROGRESSIVE IMPROVEMENT | PRIMARY DUTY— |
| TO LIVE | MARRIAGE AND FAMILY | TO LABOUR |
| | CONTINUAL PROGRESS | |
| | ABUNDANCE | |
| TO EACH ACCORDING | ART | FROM EACH ACCORD- |
| TO HIS NECESSITIES | COMMON WELFARE | ING TO HIS POWERS |

These catchwords are always in fashion. The book, written in a declamatory style, is divided into three parts; the first is devoted to a description of the inhabitants, the second to a history of

Icaria, the third to the principles upon which Icarian civilisation is founded. We find once again the symmetry which was seen in the earlier romances; one hundred provinces contain ten divisions. The counties contain a county town, eight villages and a number of farms. There are one hundred provincial county towns, nine hundred divisional county towns, and eight thousand villages surrounding the capital of the land of Icaria. The police has attained a degree of perfection which all the cities of the world may well envy to-day. There are several harvests a year.

The principal meals are taken in common, but for the making of soup each family is furnished with the "Cook's Guide," an official and perfect publication. All Icarians are perfumed, and they have at their disposal dirigible balloons, thanks to the communism which had also succeeded in abolishing the tooth-ache. The State directing everything is in advance in everything—this is the greatest miracle of Icaria.

There is only one great newspaper, the "National Journal," for the liberty of the Press is of no value in this land of liberty. There is but one national history—for children must be brought up to moral unity. Statistics are the chief instrument of Government, they regulate all occupations, the callings of the young, victualling and all other requirements. Daily labour, which occupies seven hours in the summer and six in the winter, is compulsory on all men up to the age of sixty-five, and on women up to fifty. Anyone refusing to work is confined in a public prison.

The Government is in the hands of a president and of fifteen ministers elected biennially by the people. The Sovereignty of the people is ensured by two thousand representatives, at the rate of two for each division. Officials receive no salary. Fifteen special committees control the fifteen ministers and regulate all the conditions of social

life, including the bill of fare of the common meals and the dress of the ladies.

There is naturally neither civil law nor a judicial bench. Inasmuch as there can only be minor offences, criminal law is supplanted by a few minor censures. There are places of worship, priests and priestesses, whose functions are confined to preaching, for there is no ritual.

Cabet does not venture to accept the necessary consequence of his conception of society, the community of women.

I put aside the history of the transition which at the end of a violent crisis brought this astonishing State under the control of the Grand Icarian, invested with the dictatorship.

Cabet enumerates the twenty-three decrees by virtue of which all property remains vested in the existing holder without the possibility of alienation, wealth is to be cut down, the condition of the poor improved, wages and the price of commodities fixed, and the cost of government limited, but supplemented by five hundred million francs per annum to procure work for the unemployed, and by one hundred millions for the training of the workers of the future.

II

In 1847 Cabet made an appeal for the organisation of an Icaria in America. He received numerous offers of service from traders who had goods to dispose of. In January, 1848, he purchased a million acres in Texas, and in February sent out sixty-nine enthusiasts who, on arriving at New Orleans on March 27th, were apprised of the Revolution of 1848, and regretted having left France at such a time. Cabet thought that he had bought a tract of land in a ring fence, but found that he had become possessed of scattered lots. The Icarians reached these lands in the midst of all kinds of difficulties. A second body of ninety-

rine went to join them, and having ascertained that it was impossible to live there, they separated into small detachments.

At the end of 1848 and in the beginning of 1849 five hundred fresh Icarians including Cabet, landed at New Orleans. All they possessed was 17,000 dollars. There being no question of their proceeding to Texas, two hundred went off separately, while about two hundred and forty, with Cabet, found a site ready for them at Nauvoo, Hancock County, Illinois, which the Mormons had been recently obliged to abandon. They were able to take eight hundred acres of land and to purchase a mill, a distillery and several houses. For five or six years the affairs of Icaria prospered. A wooden building was to be seen, fifty yards long, which served as a refectory and place of meeting.

The Icarians adopted a constitution. The election of a president was annual, and Cabet was chosen, but an opposition developed itself which continually increased in violence. Cabet opposed them with equal violence, and in 1856 declined to recognise the election of three members of the administrative council. Not only was Icaria distracted by discussions, libels and denunciations, but people even came to blows. Cabet demanded the revocation of the Charter of Icaria, and was expelled from the community, and in November, 1856, retired to St. Louis with eighty faithful supporters. He died there a week after his arrival.

The majority of his companions were workmen by trade who found work in this city. Two years afterwards one hundred and fifty of them resolved to recommence their common life, and with the assistance of Icarians who had remained in France, and who sent them fifty thousand francs, they purchased the Cheltenham Estate, situated six miles from St. Louis. But from 1859 they split into two parties, the older desiring that the Government should rest with the dictator, the

younger desiring an organisation based upon discussion. The latter were overruled and withdrew. They were forty-two in number and represented the most active element. The community continuously decayed, and in 1864 numbered no more than fifteen adults of either sex with a few children. Their president, Sauva, called them together in a "popular assembly" which declared the community of Cheltenham dissolved. The Icarians who had remained at Nauvoo became involved in debt and, declaring that they were too near civilisation to be able to realise their great dream, they bought a property of three thousand acres in extent in the south-west of the State of Iowa, sixty miles from Missouri. The land was good, but they lacked transport, and were burdened with mortgages. At the time of the War of Secession, which supplied them with resources, they only numbered fifteen, including children; later the Chicago, Burlington and Quincy Railroad absorbed their property. Prosperity had succeeded to misery, but they split up into factions. The Icarians lost sight of their original ideal, the younger generation becoming imbued with the doctrines of Marx and forming a new party.

In 1877 they attempted a dissolution, which was refused. They then appealed to the Courts, alleging that the community, which had been registered as an agricultural society in the form of a limited company, had infringed its articles of association by indulging in communistic practices. The circuit court appointed three trustees to liquidate its affairs, and the "young party" remained in possession of the whole village; but it never prospered, and was finally dissolved in 1887. The "old party" received the eastern part of the original property, an indemnity of 1,500 dollars and eight houses. The members composing it struggled on until 1895, when the community finally disappeared.

CHAPTER XI

AMERICAN EXPERIMENTS

Short duration of each experiment—The religious motive
—Necessity of a dictatorship—Unproductive labour
—Complete deadlock—Communist programme of
the "Labour Party."

MR. MORRIS HILQUITT¹ sums up the various communistic experiments in the United States as follows:—The average duration of the group of communities founded by Owen was two years; with the exception of the North American Phalanx, of Brook Farm and of Wisconsin Phalanx, the communities established by followers of Fourier were equally short lived, while the Icarian settlements were in a perpetual condition of reconstruction and dissolution.

Noyes and Greeley consider religion to be the one indispensable bond of every community, while Nordhoff maintains that even with religion a dictator is also indispensable.

Mr. Morris Hilquitt says that the religious communities were only more successful because they consisted of German farmers accustomed to agriculture whose wants were limited. The Icarian communities were composed of workmen whose calling was unsuited to agriculture and who were accustomed to a far more complex style of living. The aim of the religious communities was propaganda and not communism; they employed paid labour. The Communists of Amana recognised that their hired labourers did twice the work which they could do themselves. "Many hands make light work," said the Shakers.

Mr. Morris Hilquitt concludes that the American communists have ended in complete failure. Nevertheless the programme of the Labour Party declares that "the true theory of economics is that the machinery of production must likewise belong to the people in common."

¹ "History of Socialism in the United States," 1903.

BOOK II

SOCIALISTIC THEORIES

CHAPTER I

SAINT SIMON

French socialistic formulæ—Spiritual power according to Saint Simon—The National and anti-National parties
—The parable—Productive society—Political error
—Producers versus consumers—Industrial liberty—
—"The caravan." The exploitation of man by man
—Saint Simon's theocracy—Sacerdotalism and Secularism—Enfantin as Pope; Industrial feudalism
—Declaration of Count Jaubert—Slaves of industry
—Genesis of Socialistic conceptions from 1830 to 1848.

LET us pass from these monotonous Utopias, condemned as they are by experiences which are as constant as they are cruel. There now appear the Socialists with scientific pretensions, of whom France presents a lavish supply. Why then should we scorn them? Are they not French formulæ which we find at the root of all these recent foreign conceptions? "The land belongs to no one and its fruits to all," says Rousseau in 1753. Are the rules of Morelly's "Code de la Nature" so far removed from actual schemes.

The works of Saint Simon from 1808 to 1825 disclose a strange medley of religious survivals, scientific aspirations, and profound insight into the future. He adopts the old conception of Gregory VII. by proposing to organise two powers, the one spiritual, composed of the philosophers and artists, the other temporal, but this temporal power must be devoted to industry, so that when Le Play at a later date proposes to constitute the industrial chiefs the "authorities of society," he is adopting Saint Simon's idea in another form.

Saint Simon divided the nation into two parts, a national and an anti-national. The former is composed of those who perform useful labour, direct this labour or employ their capital in it. The

anti-national party is composed of those who consume but do not produce, of those whose labour is not useful, and of those who profess political principles which are inimical to production. It follows that the anti-national part must be eliminated from the performance of the public functions of government, and that part of the nation must be placed at its head which produces its wealth and its greatness.

He set forth this conception in 1819, in the famous parable which involved him in a prosecution and an acquittal at the assizes. He says, "We assume that France suddenly loses her fifty best physicists, her fifty best chemists, etc., her fifty best engineers, her fifty best physicians, her fifty best bankers, her two hundred best merchants, her fifty best iron masters, etc., her fifty best masons, her fifty best carpenters, etc. Let us admit that France retains all the men of genius whom she possesses, but that she has the misfortune to lose Monsieur, the brother of His Majesty and the Duc d'Angoulême, and that she also loses all the great officers of the Crown, all the ministers of State, all the councillors of State, all the prefects, judges, etc."

Saint Simon made no account of the intangible results ensured by a good minister, a good administrator, and a good magistrate. Were they to disappear we should find ourselves in a condition of anarchy which would compromise or destroy the action and the labours of the fifty men of genius whom Saint Simon has enumerated.

The essential element which it is necessary to recognise in this conception is the protest against the preponderant part played by noblemen, soldiers, and prelates in public affairs. He knew that the further we advanced, the more the centre of gravity of power would shift, but by a strange lack of political perception he aims at creating a

parliament, representative in its character, composed of industrial chiefs, and despite the experience of the past, he imagines that these industrial chiefs will refrain from making their respective interests prevail to the detriment of the general interest. There is a true as well as a false side to his motto of "Everything for industry," true because he foresaw that a civilisation on a competitive basis would become increasingly productive, false because he made of industry an end in itself. He only saw the producer and forgot that without the consumer the producer has no *raison d'être*. In his political conception he had no doubt that if he invested the producers with all the powers of government, they would abuse them. How then did he fail to perceive that he was constituting a new caste, a privileged order, to the particular detriment of the most numerous and the most needy?

He defined politics as the "science of production," but at the same time he said "Government is always injurious to industry when it interferes with the progress of events, even when it attempts to encourage it; whence it follows that Governments should limit their efforts to the preservation of industry from every kind of trouble and interference."¹ Why then found the industrial parliament, the scheme of which he has set out in "l'Organisateur."

It is true that in Saint Simon's conception the sole function of government is to execute the decrees of a consciously formed opinion. He recites the following parable: The caravan says lead us where we shall be happiest, or it says lead us to Mecca. In the former case it relies on its leader, in the latter it clearly indicates its wishes to him, and thereby acquires the right to control the directions which he gives. It is clear that opinion can have

¹ *De l'Industrie* (1816).

no effective and useful action upon public affairs, unless it has a definite object.

Saint Simon merely followed after the philosophers of the eighteenth century, and repeated Condorcet's words, when he said that the golden age is before and not behind us. But he overburdened his economic forecasts with religious aspirations. In his "Nouveau Christianisme" (1825) he repeated the precept of Christ, "Love one another; love thy neighbour as thyself." But the tradition of the Church is otherwise. He substitutes the declaration that "the best theologian is he who makes the most general applications of the fundamental principle of divine morality, to the effect that he is the true Pope and speaks in the name of God." Thus inspired he asserts, "that it is the duty of religion to direct society to the great end of ameliorating as rapidly as possible the lot of the poorest class. Except for the word "religion" and for the substitution of "the poorest class" for "the greatest number," this formula is that which Priestley and Bentham borrowed from the materialist Helvetius.

Saint Simon denounces the exploitation of man by man. "The way to grow rich is to make others work for one." The State is to be the sole recipient of the instruments of labour, of land, and of capital, and is to apportion them so that they may be utilised in common and distributed in accordance with his hierarchical system; to each according to his capacity, to each capacity according to its works. The "Globe," which became the organ of Saint Simon's disciples, bore among its mottoes, "All privileges of birth are abolished." A central bank is to regulate production and to prevent over-production and want. We arrive, therefore, at a condition of complete nationalisation as well as of complete sacerdotalism.

Saint Simon's disciples tried to christianise industry. Enfantin believed that he had power to fascinate the judges by his look, and considered himself an incarnation. "I am the departed Saint Simon, living and being, past, present, and future, that Saint Simon who, eternally progressive, is now manifest by the name of Enfantin. It is by me and in me, that Saint Simon asserts himself a God." Saint Simonism ends in the priestly couple, man and woman, the confused conception of whom lends itself to all kinds of interpretations. With the establishment of M^énilmontant it was to bury itself in ridicule. Nevertheless, the majority of its inmates approved themselves as practical men in after life and achieved brilliant careers in industry and finance.

Saint Simon had applied to Napoleon and afterwards to Louis XVIII. Enfantin and Bayard asked Lafayette to take the dictatorship. After the Coup d'Etat of December 2nd, they nearly all became ardent Bonapartists; they never had any conception of political liberty, and were always full of the retrograde notion of class distinctions. After the insurrection of Lyons, the "Globe" said, "The lower orders cannot raise themselves except so far as the upper classes give them a hand; it is from the latter that the initiative must come." And they adopted State socialism by talking of assuring pensions for the workers and procuring capital for them through the State bank. The fundamental fallacy of Saint Simon lies in these class politics, which elevate the industrial chiefs into a dominant class, a conception which Count Jaubert adopted in 1836, when he said: "No society can do without an aristocracy; shall I tell you what is the aristocracy of the Government of July? It is that of the great industrial chiefs and manufacturers. These are the feudatories of the new dynasty." Strange! The object of the Revolution

of 1789 was to destroy feudalism, and here is a new feudalism proclaiming itself and withholding all political rights through the franchise. These barons of industry exploit the serfs of industry who are the true producers. Such is the simple genesis of the democratic and revolutionary conceptions of socialism from 1830 to 1848.

CHAPTER II

PIERRE LEROUX AND THE "CIRCULUS"

Pierre Leroux—The religion of humanity—Mutual solidarity—The word "socialism"—Dissensions—The Triad—Theory of the "Circulus"—How Leroux practised it.

PIERRE LEROUX is also a disciple of Saint Simon. He claims to supplement Christianity by the religion of humanity.¹ According to him man is based upon the family; nationality and property are in complete communion with all their equals throughout the universe, and by confining his communion to a more or less limited portion by means of the family, the city, or by property, their results are imperfection and an evil. It was he who introduced the word solidarity into the sociological vocabulary, to replace the word charity. "Temporal" society was based on the principle of egoism. With the principle of charity as we understand it, that is to say, with the principle of mutual solidarity, the temporal society is entrusted with the care of organising charity.

¹ See "L'Humanité" and "L'Encyclopédie nouvelle."

I congratulate Pierre Leroux on having supplemented the word "solidarity" with the epithet of "mutual," for the system which is actually presented to us under the name of solidarity is a solidarity which is unilateral and obligatory on a certain number of persons, but no explanation is vouchsafed of how a reciprocal solidarity might be exercised.

Pierre Leroux disputes with Owen the honour of having invented the word "Socialism." He had a hatred of eclectic philosophers and of economists, to whom he applied the supreme insult of "Malthusians." He claimed that, the annual produce of labour in France being nine thousand millions of francs, two hundred thousand families of landowners, capitalists, and financiers appropriated five milliards by the rent of land, interest on capital and taxes.

He worshipped one thing—the Triad or Number Three. Man is at the same time triple and single, exhibiting sensation, feeling and knowledge. Hence the division of the human race into three great classes, philosophers or men of knowledge; artists or warriors, or men of feeling, and industrial chiefs, or men of sensation. Hence also the castes of India and Egypt and of the Republic of Plato, except that these castes were not equal as they ought to be. Every human being has a right to a dwelling, sustenance, and clothing. The formula for the remuneration of all officials (and all citizens are such) is triple and single, to each according to his capacity, to each according to his labour, and to each according to his necessities. "Capacity remunerates itself by duties, and imposes duties. Labour completed remunerates itself by leisure. Necessity is satisfied by production, natural or artificial, artistic or scientific."

Pierre Leroux discovered the principle by virtue of which nature has established a constant relation

between population and the means of subsistence. This is the Circulus. The digestion of each individual yields more than the equivalent of the amount of his nourishment. "A man who were to refuse to labour, would still have the right to live by placing himself under cover of the Circulus." Pierre Leroux put this agricultural theory into practice in Jersey, where he had taken refuge. Paul Meurice once told me that one day Mme. Victor Hugo and he paid Leroux a visit, when he entertained them with his hobby and, in order to add an experimental demonstration to what he was saying, he opened a cupboard in which were some bacon and other provisions. From this he took an enormous dish, in which a monumental element of the Circulus was taking its ease. Mme. Hugo put her handkerchief to her nostrils, and Paul Meurice, who was short-sighted, after having sufficiently ascertained the nature of the object presented to them, said quietly, "I thought you were waiting for its transformation to put it into the cupboard." Pierre Leroux replied with a fine gesture which was meant to embrace a whole Triad, but Mme. Victor Hugo and Paul Meurice made their escape without waiting for an explanation.

CHAPTER III

LOUIS BLANC AND THE ORGANIZATION OF LABOUR

Louis Blanc and the organisation of Labour—"To live working or to die fighting"—The instrument of Labour and the weaver of Lyons—"The State as banker of the poor"—Social workshops—Solidarity in the workshops and of the workshops—Suppression of credit and of trade—Down with competition—The ruin of England—"You lose the right to speak of God"—The family and heredity—Labour as a point of honour.

SAINT SIMON had abandoned the principle of equal rights for all, proclaimed by the Revolution of 1789, and had returned to the policy of privilege by wishing to make of the industrials an order which paid taxes, but should have a monopoly of power. The Socialists initiated class politics by opposing the workmen to the industrial chiefs.

Louis Blanc's "*Organisation du Travail*" was published in 1839. He conjured up the motto of the insurgents of Lyons: "To live working or to die fighting." This antithesis, if it proved the bravado of these wretches, also proved their ignorance, for insurrection has never yet provided workmen with work. Louis Blanc added: "What is wanting to the workmen is the instruments of their labour," thus proving that he did not know that the weavers of Lyons were the owners of their frames. He considered that the State ought to supply the workman with his instruments of labour and called it the "banker of the poor." He coolly demanded that the State should constitute "Social workshops, destined gradually and without shock, to supersede the workshops of individuals; they were to be regulated by rules which realised the principle of association and had the force, form and power of law. Once founded and set in motion, the social workshop would be self-sufficing and

would be leperdent solely on its own principles. The associated workers would freely choose directors and managers after the first year, they would effect the division of profits among themselves, and would devote themselves to the means of increasing the enterprise they had commenced." "From the solidarity of all the workers in the same workshop," he concludes, "to the solidarity of the workshops in the same industries. By killing competition we should stifle the evils which it engenders." "Who says machinery says monopoly." In Louis Blanc's system there are to be no more patents for inventions; the inventor is to be rewarded by the State, and his discovery placed at the service of all. There is to be no more trade, and credit is to be nothing more than a means of supplying workmen with the instruments of labour.

He enters into few details of this organisation, for the excellent reason that he only conceives it in an extremely vague manner, but he is angry because it provokes criticism. He fails to understand why it should be thought unnatural that the State should employ a portion of its revenue in creating competition with private industry, and innocently thinks that this is a fair system and does not involve the slightest degree of spoliation. He declaims against the use of machinery as causing the lowering of wages. "Out of individualism there issues competition, out of competition the instability and inadequacy of wages." Under the empire of competition, labour produces a generation which is decrepit, atrophied, gangrened, and rotten. Not only does it produce these effects upon the workmen but it ruins small industries for the benefit of greater ones, and is a cause of the ruin of the middle-class. It encourages over production and is condemned by the example of England. "England's atonement," he cries, "is

now complete. Where to day is her power? The empire of the sea is slipping from her," etc., etc.

In a reply to his critics, Louis Blanc shows the method which he employs. "Capitalists and workmen are not equally necessary. If the latter are worse treated than the former, this follows from the fact that all the ideas of justice and of truth have been inverted, and that civilisation has travelled the wrong way. If you say that things could not have fallen out otherwise, you lose the right to speak of God." He did not stop to enquire how it was that God allowed "all the ideas of justice and of truth to be inverted." He also said "the family is derived from God, heredity from man." As he would have found great difficulty in explaining this conception, he confined himself to stating it. If asked what was the motive power of the workers he would answer "the point of honour of labour," and would declare that a post should be set up in every workshop, bearing the inscription: "He who does not work is a thief." This would suffice to suppress idleness.

CHAPTER IV

THE LABOUR CONFERENCES AT THE LUXEMBOURG AND THE NATIONAL WORKSHOPS

- i. Louis Blanc and the Provisional Government—Decree proclaiming the right to work—Louis Blanc at the Luxembourg—"To regulate the happiness of all the families of France"—Restriction of the hours of labour and suppression of piece-work—Speech and intervention by Louis Blanc—Associations of workmen—Their programme—Instructions to the future National Assembly—Insurrection of May 15th.
- ii. National workshops -- Number enrolled -- Their organisation -- The Club Monceaux versus The Luxembourg--Report of June 19th--Insurrection of June 23rd

THE Revolution of February 24th broke out on the evening of that day, the Government was completed in the offices of "La Réforme" by the addition of the names of Louis Blanc, Flocon, and Albert, who were originally appointed secretaries. On the 25th, in reply to a grand manifesto, in which Lamartine defends the tricolor, the Government announces that "National workshops are open for workmen without wages."

By the creation of twenty-four battalions of the National Guard, with a pay of a franc and a half a day the Government proposed to employ the unemployed workmen. But it went too far. The Provisional Government undertook by a decree to guarantee the support of the workmen by work, and to guarantee work to all the citizens. This was the proclamation of the right to work.¹ Louis Blanc had commenced by requiring a ministry of progress, he ended by accepting a "government

¹ See, in addition to works dealing specially with these matters, "L'Histoire des classes ouvrières," by Levasseur, vol. ii., p. 343, and G. Cohen, "Annales de l'Ecole libre des sciences politiques." 1897.

commission for workmen," of which he was to be the president, and Albert the vice-president. It was established on March 1st, and consisted of one hundred and fifty to two hundred workmen, more or less delegated by themselves. Louis Blanc, who lost his head from the very beginning, indulged in phrases of the most prodigious inconsequence, such as the following: "We have assumed the formidable responsibility of regulating the happiness of all the families of France." At the same time the Provisional Government gave effect to the decree published in the "Moniteur Officiel" of March 9th. "Article 1. The working day is cut short by one hour; consequently in Paris, where it consisted of eleven hours, it is reduced to ten, and in the provinces, where it has hitherto consisted of twelve, it is reduced to eleven. Article 2. The exploitation of workmen by sub-contracting and piece-work is abolished."

A decree of March 8th directed the establishment in each mayoralty of a free enquiry office for situations. This remained a paper measure, and could hardly be otherwise. The other decrees provoked recriminations and disputes, but they could not be of use to workmen whose need was work and not leisure. The deputations to the Luxembourg became more numerous, all of them formulating more or less real grievances and proposing chimerical remedies.

A second general meeting took place on the 10th of March. This was to be composed, so far as possible, of three professional delegates. Louis Blanc said, "I was going to find myself in the midst of those workers whose lot had been the object of my preoccupation. I was going to be able to work in their midst. . . . Yes, I admit I experienced a moment of immense pride. If this is wrong, forgive me; it is the happiness of my life." This sentimental clap-trap called forth an ovation.

The delegates selected by lot the members who were to form a permanent committee. The industrial chiefs were invited to form another, but the mere presence of Louis Blanc inspired them with justifiable mistrust. He had announced the suppression of labour in the prisons and convents, but nothing followed. On March 28th, the bakers went out on strike. Louis Blanc drew up a scale of wages which the prefecture or police published in the form of an order. The different trades applied to the Luxembourg, Louis Blanc intervened, and the terrified industrial chiefs gave way. He was acclaimed and carried in triumph as though to the works of Derosne and Cail. But the paper-makers' and hatters' hands went on strike a fortnight after accepting a scale of wages and betook themselves to the national workshops.

Louis Blanc dreamed of organising the workmen's associations, of which he had boasted, and did organise some of them, the tailors, the saddlers, and the trimmers of lace for military requisites. On March 20th, Louis Blanc published his plan. These societies were to be based upon labour as a point of honour. All wages were to be the same, and since the proprietors declared themselves ruined, they were to hasten to sell their undertakings to the State, which was to give them in return "bond, carrying interest, and mortgages upon the value of the surrendered undertakings." This is how he placed the instruments of labour in the hands of the workmen. In the plenary assembly of April 3rd, he abandoned the equality of wages which had been severely criticised by the workmen themselves. The plan subsequently drawn up by Vidal and Pecqueur, admitted of agricultural phalansteries, and substituted public magazines for ordinary trading. Nevertheless its author "did not desire to ask for a monopoly for the profit of the State." But inasmuch as the maga-

zines were only to take five per cent., they would not be long in ruining private enterprise.

The State was not to supply the initial capital, but was to be responsible for all discounts and to issue a paper currency at a forced rate for the payment of duties and wages in these establishments. It was to be the universal insurer and banker of the people. Louis Blanc, invoking memories of the House of Peers, set up the Luxembourg in opposition to the future National Assembly. "The people has arrived, the people must remain. I shall be very strong when I can say treat with it, and now repel it if you dare." The Luxembourg Conference took part in the Revolutionary manifestations of March 16th and April 17th, and put forward an electoral list in opposition to the Provisional Government. At the elections, while Lamartine was successful with 259,800 votes, Louis Blanc only obtained 121,000, and one workman alone out of the Luxembourg list was elected. Louis Blanc was furious, and on April 27th repeated Hannibal's speech against the "Social Order." This was the last formal sitting. The National Assembly expelled Louis Blanc and Albert from the executive committee. The Conference of the Luxembourg met again on May 13th, and the insurrection of May 15th took place amid shouts of "Vive Louis Blanc, the minister of labour."

II

The Luxembourg programmes failed to alleviate the industrial, financial, and commercial crisis. The hours of labour were restricted, but work itself was not forthcoming. The decree of February 24th had promised the organisation of national workshops. Several yards were opened, and one franc fifty was given to those who came to claim work or bread. M. Emile Thomas, a former pupil of the "Ecole Centrale," proposed to organise the

national workshops with his companions. From March 9th to March 12th he enrolled 9,000 men, on the 31st he numbered 30,000, and on April 30th 100,000. On June 16th the committee of labour received a return of 103,000 men enrolled; the figure was raised to 119,000, the leaders were accused of exaggerating the effectives for the purpose of taking advantage of the difference.

Eleven men composed a "squad;" five squads a brigade; four brigades a lieutenancy; and four lieutenancies a company. Each principal overseer commanded three companies, and was himself subordinate to the fourteen divisional chiefs. An army was thus organised, which was not only unsuited to labour, but incapable of receiving it. Not only were the workmen bad navvies, but there were no works ready for them. Those who were enrolled were at times employed, and at times unattached, and drew 2 francs a day and 1 franc 50 accordingly. The staff was constantly swelled by an influx from the provinces.

The workmen who might have had employment with individuals, put forward impossible claims, and the national workshops were nurseries for strikes. Their inmates led a life of idleness, and after March 26th the members of the squads had their wages raised and received assistance in the form of food and medicines. A number of them enrolled themselves in more than one brigade and drew double and treble wages, while some of the brigade leaders made lists of their effectives and appropriated the wages of fictitious employées.

Emile Thomas prided himself upon instituting a club in the Parc Monceau, composed of the delegates of the brigades from the national workshops as a counterpoise to the committee of the Luxembourg. In effect he organised an army of insurrection, which proposed to dictate to the National Assembly, which thereupon urged the dissolution

of the club, and Trélat, the minister of public works, caused Thomas to be arrested at night and transported to Bordeaux.

It has been said that the insurrection of June was due to the dissolution of the national workshops; nevertheless the National Assembly had on June 19th voted a credit of three millions in their favour, but the vote was preceded by an unfavourable report by M. de Falloux proposing various modifications in the organisation of labour. An enquiry gave great dissatisfaction to the brigade leaders by exposing the defalcations. On June 22nd a decree enjoined all the young men between the ages of seventeen and twenty-five to enlist in the army. In the morning a number of workmen went to the Committee of the Luxembourg to threaten them and to demand the organisation of workshops for every calling. The insurrection broke out on June 23rd, and on the same day the National Assembly decreed the suppression of the national workshops.

CHAPTER V

THE RIGHT TO WORK

Scheme of the committee of the constitution—Before the days of June—Amendment of Mathieu (of la Drôme)—Lamartine's argument—Ledru-Rollin's—Observation of Pelletier (of Lyons)—Rejection.

THE organisation of the national workshops and the discussions and promises of the Luxembourg had demonstrated the imprudence committed by the Provisional Government in affirming, in their proclamation of February 25th, the right to work, and of promising to give effect to it. Nevertheless the draft constitution published on June 20th, contained an article (7) in the following terms:—

“The right to work is the right possessed by every man to live by working.

“It is the duty of Society, by the means of production and of the general resources of which it disposes, and which will eventually be organised, to supply work to able-bodied men who are unable otherwise to procure it.”

Not one of the members of the committee which drafted this article had remarked upon its character. Nevertheless the right to work completely disappears in the second draft constitution which was read on August 29th, article viii. containing merely the following provision: “It is the duty of the Republic to provide the means of subsistence to necessitous citizens, to wit by providing them with work within the limits of its resources. . . .”

But Mathieu (of la Drôme), attempted to re-introduce the right to work by modifying the article in the following manner:—“The Republic recognises the right of all citizens to instruction, work, and assistance.” To those who objected on the ground of the net cost of this right he replied, “If work is a right, it matters little what may be the burden which it imposes upon society.” On

the same day, September 8th, less than three months after the events of June, Lamartine supported it by arguments such as the following:—

"In truth it appears that you might delete those three magnificent words which you propose to inscribe on the title page of your constitution, 'liberty, equality, and fraternity,' and substitute for them the convenient words 'buy and sell.' " (Prolonged applause).

Ledru-Rollin used an argument which shows the heartless coolness with which men of his stamp thought to guide opinion:—"When you register the right to work, you are under no obligation to have it organised on the very next day."¹ But he enclosed his argument in this formula: "The right to work is the Republic in its practical application." Politicians like Billault also supported the right to work by saying: "This country is passionately attached to words; you must reckon with this predisposition." Peltier, a labour deputy from Lyons, said, "if you do not know what to do, in order to consecrate the right to work and to make the people happy, the people will say, 'retire and make room for others.'" Mathieu's amendment, as re-amended by Glais Bizoin, was rejected by 596 votes to 187. No one in France nowadays talks of the right to work; it has gone to join the other socialistic antiquities.

¹ "Le Droit au Travail," *Recueil des discours* par J. Garnier.

CHAPTER VI

PROUDHON'S THEORIES

Scholastic methods—"Property is theft"—"The proprietary right of the worker to his produce"—"The worker cannot purchase his produce"—Production of utility and diminution of value—Solution of the problem—Freedom of credit—The party of labour and the party of capital—"The government of man by man and the exploitation of man by man"—Anarchy—Opposition of the ancient guild to the State—The federal pact—Family resemblance between the Utopians and Socialists of 1848.

PROUDHON was born at Besançon, his father being a brewer's cooper. He became a working compositor, and as such he read the "Fathers of the Church," and was initiated into Hegel's dialectics, by M. Chas. Grun, "a German professor of philosophy, who understood nothing of what he taught," according to Karl Marx. Becoming acquainted later in life with the science of economics, he brought to it the methods of scholasticism, and attempted by running his head against words to cause the lightning to burst forth. He was incapable of giving clear expression to his thoughts, and sought to astonish the Philistines by his answer to the question propounded in the title of his work, published in 1840, "What is property? Property is theft." This had not even the merit of originality. Bissot de Warville in his "*Recherches philosophiques sur le droit de propriété et le vol*" (1780), had said "private property is a theft as against nature. Its owner is a thief." On this point Proudhon's doctrine is summarised in these two propositions: (1) The right to possess is the same for all; (2) Man can only work with the help of the instruments of labour. It follows that, all men having the right to work, they have an equal right to the instruments of work. Therefore

(3) these instruments cannot become the object of private property. But in "La Théorie de la Propriété" (published after his death in 1866) he says: "Property, if one appreciates its origin, is a principle inherently vicious and anti-social, but destined to become by its own general distribution and the joint action of other institutions, the pivot and mainspring of the social system."

In "Qu'est ce que la propriété?" (1840) he put forward this further idea, which is in singular contradiction with the other. "The worker preserves a natural right of property over the thing which he has produced, even after the receipt of his wages." That is to say that the tradesman who has sold an apple to a purchaser preserves his right to his goods even after they have been consumed. Nevertheless, it is clear that the workman receives wages in exchange for a product or a service, and once the product has been delivered, the service rendered, and the wages received, the contract has been fully executed, and all obligations thereunder fulfilled.

Proudhon, possibly under the influence of Robertus, denounces property as rendering impossible the redemption of his produce by the workman. If twenty millions of workmen have provided products of a value of twenty millions of francs they are obliged to buy them for twenty-five millions. The workers who ought to have bought these products in order to live, are obliged to pay five francs for what they have bought for four. "They have to fast one day in five." Workmen who are members of co-operative societies have learned the lesson that they cannot redeem what they have themselves produced at the price which was paid for it. There has to be added so much per cent. upon the original article, necessary to cover general expenses and profit, to compensate unfavourable purchases by the profit derived from

purchases effected under favourable conditions, interest and depreciation of capital, commission paid to salesmen, discounts to retail merchants, interest upon capital from the time of manufacture to the time of sale, insurance, etc. Nevertheless, recent writers, such as Gronlund, Hertzka and Hobson, have sought to show that this system is the cause of universal over-production.¹

Proudhon's "Contradictions Economiques" are a mere congeries of digressions, in which he discusses everything under the pretence of applying Hegel's antinomies. In fact, he bases his book entirely upon the conflict set up by J. B. Say between useful and exchangeable value.² Necessary as they are to one another, they stand to one another in an inverse ratio. In proportion as the production of utility increases, its value diminishes. Proudhon added that this contradiction is necessary. Accordingly, the more the nations work, the poorer they become. And he added the words, "The philosophy of misery" as the subtitle of his work. I have explained in my book "La Science Economique"³ how this problem is stated and have given the following solution:—*The criterion of economic progress is the absolute and relative increase in the value of fixed capital, the decrease in the value of the units of circulating capital, and the increase in their total value.*

Proudhon concludes his book by pointing out the existing confusion between his conceptions when he says that the object of economic science is "justice." In order to establish this he is obliged to include in a "general equation" all his economic contradictions.⁴ "My philosopher's stone," he says, "is gratuitous credit and the abolition of money."

1 Bourguin, "Les Systèmes socialistes," p. 318.

2 "Qu'est ce que la propriété," p. 94.

3 3rd ed. Book vi., ch. i., p. 233.

4 "Contradictions économiques," ch. ii.

As against various parties, he sets up two, the party of labour and the party of capital. This is the struggle of classes, the conception of which he develops in his book "*De la capacité des classes ouvrières*" (1863).

Proudhon adopts the assertion of Helvetius, that the capacity of all human beings is equal and is differentiated merely by the circumstances of education and environment. The value of each man's labour at the same time is, therefore, the same, and the proper amount of wages should be the amount of the total produce divided by the number of workers.

He proclaims the end of the "government of man by man" and of the "exploitation of man by man." Does he desire that man should be governed by apes? He is often, in fact, governed by women, by children, and by his own passions. He is not exploited only by man; he is exploited by all the forces of nature over which it is his duty to triumph, by microbes and insects against which he has so much difficulty in defending himself, and, above all, by his prejudices and by the charlatans who know how to use them to their own advantage. Proudhon behaves like a man who beats a big drum in order to attract children, when he employs the antithesis of which he has already made use as regards property, and exclaims that "anarchy is the true form of government." And he is careful, in order to complete the confusion of the thoughtless, to explain the etymology of the word "anarchy" as meaning the absence or negation of government. He then develops his theme by repeating an idea of St. Simon's. "The science of government rightly pertains to a section of the Academy of Sciences, and inasmuch as every citizen may send a thesis to the Academy, every citizen is a legislator. The people constitutes the guardian of the

law, the people constitutes the executive power."¹ In another work he adds to this quibble the declaration that "the workshop will cause government to disappear."

There reappears in this declaration a conception of the ancient guild or corporation as an autonomous, exclusive body, opposed to everything which is not itself and to all general interests. He concludes with his romance of the "federative pact," and imagines that he can, by unrehearsed effect, transform France by subdividing it into thirty-six sovereignties of a mean extent of 6,000 square kilometres, each with a million of inhabitants.² He did not condescend to observe that a federation is a grouping of independent states; when a centralised state is subdivided, the operation is the exact opposite of federation; the proper name for it is dismemberment and its consequence dissolution.

He virulently attacked Louis Blanc's childish ideas on "labour as a point of honour," Fourier's on the phalanstery and Cabet's on fraternity, yet he employs their vocabulary against the exploitation of man by man, he demands the confiscation of the instruments of labour and their delivery to the workers; he desires the abolition of competition and, while proclaiming himself as an anarchist, he appeals to the State to realise his conceptions. However hostile they may be to one another, all the Utopians of 1848, present a family resemblance, they are all obscure and declamatory, pin their faith to empty and sonorous phrases, and disregard actual facts.

1 "Qu'est ce que la propriété?" p. 242.

2 "Du principe fédératif," 1863.

CHAPTER VII

PROUDHON'S PROPOSED DECREES AND THE BANK OF EXCHANGE

Dissatisfied with the Revolution of 1848—Proposed decrees—The *Banque du Peuple*—Influence upon the Commune of 1871, and upon the General Confederation of Labour—Colonel Langlois.

PROUDHON was frank enough to express his dissatisfaction with the Revolution of 1848, which disquieted more than it pleased the various Socialists who were called upon to put their ideas into practice. Proudhon called upon the State to publish the following decrees.

The Government is to decree that "direct exchange, without specie or interest, is derived from natural law and public utility; the Bank shall add to its functions that of a Bank of Exchange, and fix the rate of discount at one per cent."

A second decree was to provide that "whereas the law ought to be the same for all, funded stocks paid by the State shall be converted into one per cent. stock until they are finally redeemed."

By a third decree the interest on mortgages is reduced to one per cent. "The execution of the present decree is entrusted to those citizens who are burdened with mortgages."

A fifth decree reduces the interest and dividend of limited companies to one per cent. A sixth fixes house rent at the same figure. A seventh reduces rents by twenty-five per cent. calculated upon the average of the twenty last preceding years; the value of the properties assessed to be calculated by taking the rent allowed at x per cent. of the capital; when by the accumulation of annual payments the owner has recovered the value of his estate with a premium of twenty per cent. by way of an indemnity, the property is to revert to the central agricultural society which is charged with

the organisation of agriculture. "All land not under cultivation is to revert to the State." Other decrees effect the reduction of salaries and wages, according to the scale suggested for Government salaries. By the twelfth decree, "After determining the debit of each citizen by the assessment of salaries and wages, his credit is to be determined by an assessment of the price of commodities."

On January 31st, 1849, Proudhon founded the *Banque du Peuple* upon the following principles: All raw material is supplied to man gratuitously by nature; in the economic system all production is derived from labour, and correspondingly all capital is unproductive; inasmuch as every combination of credit resolves itself into an exchange, the productiveness of capital and the discount of values cannot and ought not to give rise to any interest. The object of the Bank was to organise credit on a democratic basis: (1) by obtaining for all, at the lowest price and under the best possible conditions, the use of the land, of houses, machinery, instruments of labour, capital, produce and services of every kind; (2) by providing for all an outlet for their production and the application of their labour under the most advantageous conditions. The capital of the Bank was five millions of francs, divided into a million shares of five francs each, but liable to pay interest.¹ Unlike ordinary drafts payable to order and in cash, the circulating medium of the *Banque du Peuple* was a delivery order clothed with a socialistic character and payable at sight by every member or customer in the products or services of his industry or calling. Settlement for purchases and sales between the different customers was to be by the reciprocal exchange of their products and services and was to be effected by means of paper issued by the Bank, styled "Circulation tickets." (*Bon de circulation*).

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The Bank never commenced business. Proudhon having been prosecuted for two articles published in the "Peuple," and sentenced to a term of three years' imprisonment, fled to Belgium. He was able to say that, as his Bank was not put into operation, its principle remained valid, but he made no attempt to realise it later, which was disappointing from the experimental point of view. He would then have discovered that the abolition of money would not have contributed to facilitate exchange, and that by refusing to remunerate the giving of credit he would have failed to obtain it. Attempts to establish exchanges of this kind were made for fifteen years, and failed miserably.

Proudhon's inspiration exercised some influence upon the Paris *Commune*. The manifesto of April 19th, 1871, was composed of more or less heterogeneous extracts from his works. According to M. Bourguin¹ there are still some of his disciples among the French Socialists, and something of his ideas is to be found in the working programme of the General Confederation of Labour, which sets up the trade union in opposition to the State, and expects to effect the triumph of the pretensions of each group at the expense of the general interest.

In 1848 Proudhon made a violent attack upon universal suffrage to which the supporters of trade unions plainly oppose the struggle between various organisations, but without losing themselves, as Proudhon did, in digressions for the purpose of justifying their right to adopt this attitude. Proudhon's schemes were caprices rather than ideas. These he tried to co-ordinate, and when he failed he sought to throw the responsibility for his failure upon the intelligence of his fellow citizens.

I once had some conversations with Colonel Langlois, who claimed to be the true disciple of

¹ Bourguin, "Proudhon," 1901.

Proudhon, and I have several times heard him say with pride, when speaking of one or other of Proudhon's works., "No one but myself has understood him."

BOOK III

THE POSTULATES OF GERMAN
SOCIALISM

CHAPTER I

"TRUE" SOCIALISM

Contempt for French Socialists—Apology for German Socialism—Communism, Collectivism, and Socialism synonymous—Programmes of Saint Mandé and of the Havre Congress.

SOCIALISTS who range themselves under Karl Marx say: Plato, Campanella, More, Morelly, Owen, Saint Simon, Fourier, Cabet, Considérant, and Louis Blanc forsooth! Why tell us of all these Socialists, Utopians, dreamers, and more or less enlightened makers of literature, all so far removed from all reality? Neither Owen, nor Pierre Leroux were worthy to invent the word "socialism." As for Proudhon, who said "Every man is a socialist who concerns himself with social reform," he proved that despite his pretension, he belonged to those socialists of the clubs, the salons, and the vestries who indulged in elegiac, declamatory, and sentimental socialism in and about 1848.

Proudhon was nothing but a "petit bourgeois" as Karl Marx said. There is but one true socialism, the socialism of Germany, whose formula was propounded by Karl Marx and Engels in the "Communist Manifesto" of 1848.

They chose "communism" because the word "socialism" had been too much discredited at the time, but they subsequently resumed it, for the logical conclusion of all socialism is communism. The word "collectivism," says Paul Lafargue, was only invented in order to spare the susceptibilities of some of the more timorous. It is synonymous with the word "communism." Every socialistic programme, be it the programme of St. Mandé, published in 1896 by M. Millerand, which lays down that "collectivism is the secretion of the capitalist régime," or that of the Havre Congress,

drawn up by Karl Marx, and carried on the motion of Jules Guesde, concludes with "the political and economic expropriation of the capitalist class and the return to collective ownership of all the means of production."

But is this conclusion really so very different from that of their predecessors whom they treat with such scorn? What claim have Karl Marx, Engels, and their followers to prefix the word "scientific" to the word "socialism?"

CHAPTER II

THE CLAIMS OF MARX AND ENGELS

For Germany—Against Rodbertus—Against Lassalle.

KARL MARX and Engels, while declaring themselves to be internationalists and communists, begin by themselves failing in their pretensions. Far from admitting that the French communists and socialists were their precursors, they never cease to load them with scorn and contempt. They refuse to be under any obligation to those Frenchmen whose powers of persuasion they detest and who expect clearness in others although they lack it themselves, and they are unable to submit to a "discipline of pedants." Karl Marx and Engels want to convert socialism into a German monopoly, and when Marx says "Proletariat of all nations, unite," what he means is "Pan-Germanise."

At the same time they bitterly contend with their own compatriots for the private proprietorship of their formulæ, refusing to share them with anyone. Rodbertus claimed that Karl Marx had borrowed his ideas. Engels asserts that Marx had never beheld any of Rodbertus' publications before 1858 and 1859. Inasmuch as Rodbertus' first publication was issued in 1837, he in his turn expresses astonishment that Marx, who claimed to know everything, should pretend to such profound and long-continued ignorance with respect to him. In revenge, Engels freely admits that Proudhon owes his conception of value to Rodbertus—another instance of Pan-Germanism. But Engels is constrained to admit that Rodbertus and Marx both drew from the same English source, Ricardo, and says, "It does not occur to Rodbertus' mind that Karl Marx may have been able to draw his conclusions unaided from Ricardo as well as Rodbertus did himself." At all events Rodbertus has the advantage of priority in

date, and despite their violent denials, Marx and Engels are the disciples of that great Pomèranian landed proprietor, the representative of the great landowners in the provincial assemblies and in the Prussian Parliament, and, therefore, actually a champion of class distinctions. In his dislike of the French Revolution, Karl Marx, himself the son-in-law of a Prussian "Junker," transfers to it the hatred entertained for it by his wife's family, and Paul Lafargue inherited it from him.

As for Lassalle, Karl Marx treated him with contempt. In his preface to "Capital," written in 1867, he says of him (he died in 1864), "While abstaining from indicating their origin, he has borrowed from my writings, almost word for word, all the theoretical propositions of his economic writings."

CHAPTER III

THE SOURCES OF GERMAN SOCIALISM

Formulæ of Saint Simon and Ricardo.

GERMAN Socialism is derived from two sources:—

- (1). The French doctrine of Saint Simon, "The way to grow rich is to make others work for one," which became in Proudhon's works, "The exploitation of man by man."
- (2). Three formulæ of Ricardo, viz.: (a) Labour is the measure of value; (b) the price of labour is that which provides the labourer in general with the means of subsistence and of perpetuating his species without either increase or diminution; (c) profits decrease in proportion as wages increase.

Formula (b), became the "iron law of wages" of Lassalle. The French doctrines and Ricardo's three formulas became Rodbertus' theory of the "normal time of labour," and of Karl Marx' and Engels' "surplus labour."

CHAPTER IV

FORMULA B AND THE "IRON LAW OF WAGES"

Turgot and wages—The actual price of labour and the price of the means of subsistence—Ricardo—Lassalle and the "iron law of wages"—Graduation of wages in the city of Paris—Rise of wages and diminution of the price of the means of subsistence—Share of capital and of labour in production in the United States—Bastiat and Rodbertus.

TURGOT said: "The price at which the poor workman sells his labour does not depend upon himself." But does the price at which the merchant vends his goods depend upon himself? If no one wants them, no one will take them.

Ricardo having based his theory of value entirely upon labour, attempted to find a mean or standard for it. He says, somewhat vaguely, "The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution . . . The natural price of labour, therefore, depends on the price of the food, necessities, and conveniences required for the support of the labourer and his family.¹ Nevertheless, he recognised that "the natural price of labour, estimated ever in food and necessities, is not absolutely fixed and constant." He added that, "an English workman would consider his wages under their natural rate and too scanty to support a family if they enabled him to purchase no other food than potatoes, and to live in no better habitation than a mud cabin."

Lassalle's sonorous metaphor of "the iron law of wages" is derived from Ricardo's formula. It implies the equality of wages, and in 1848 the workmen were so fully aware that it was fallacious that

¹ Ricardo, "Principles of Political Economy," ch. v.

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Louis Blanc was obliged at the Luxembourg to refuse his support to the principle of equality of wages which he had preached. The graduated scale of wages in the city of Paris was set up by the workmen themselves in 1880. The scale of wages of the several classes of workmen in the building trade is as follows, according to the "Bordereaux des Salaires" published by the Labour Bureau in 1902 :

| | 1880. | 1900. |
|--------------------|-------|-------|
| Bricklayer | 0.75 | 0.80 |
| Stone-mason | 0.75 | 0.85 |
| Rough-caster | 1.00 | 1.20 |
| Carpenter | 0.80 | 0.90 |
| Navvy | 0.50 | 0.50 |

The navvy does not buy his bread cheaper than the rough-caster. If the "iron law" applies to the former, it does not apply to the latter.

Mr. Bowley in his "Progress of the Nation" compares wages with M. Sauerbeck's "Index Numbers," in which the means of subsistence play an important part.

| | 1830 | 1840 | 1850 | 1860 | 1870 | 1874 | 1880 | 1885 | 1886 | 1895 | 1900 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Average wages | 45 | 50 | 50 | 55 | 60 | 70 | 70 | 72 | 84 | 93 | 100 |
| Sauerbeck's Index-numbers | | 100 | 77 | 99 | 94 | 88 | 82 | 69 | 82 | 73 | 61 |

Wages have doubled between 1840 and 1900, rising from 50 to 100, or rather from 100 to 200, while prices have fallen from 100 to 61. Therefore, in 1840, £100 in wages would pay for £100 in commodities. In 1900, £200 in wages would pay for more than three times (3.2) £61 in commodities. Consequently, the value of wages has risen in the proportion of 1 to 3.2, or, say, 220 per cent.

Rodbertus enunciated a formula which Socialists who claim to be scientific attempt to substitute for the "iron law of wages." This is "that the increase

in the productivity of labour involves the reduction in the wages of the working classes to a constantly decreasing fraction of the social product."

I take the figures contained in the census of the whole of the industries of the United States:—

| YEAR. | CAPITAL. | VALUE OF PRODUCE. | NUMBER OF WAGE-EARNERS. | TOTAL WAGES. | COST OF PRODUCTION APART FROM WAGES. | GROSS INCOME (col. 3—col. 6). | RETURN ON CAPITAL (col. 7—col. 5). | WAGES PER WORKMAN (col. 5—col. 4). | RATE OF RETURN ON CAPITAL. (col. 8—col. 2). |
|-------|---------------|-------------------|-------------------------|----------------|--------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1890 | \$ mills 6525 | \$ mills 9369 | mills 4251 | \$ mills. 1891 | \$ mills 5793 | \$ mills. 3576 | \$ mills 1685 | \$ 445 | 25.8 |
| 1905 | 13872 | 16866 | 6152 | 3014 | 11148 | 5718 | 2704 | 490 | 19.5 |
| | 7347 | 7497 | 1901 | 1123 | 5355 | 2142 | 1019 | 45 | —6.3 |

Improvements in plant have not taken away work from the workmen, seeing that their numbers increased by 44 per cent. between 1890 and 1905. The rate of return on capital has decreased by 24 per cent., while wages have risen 11 per cent. This is a condemnation of Rodbertus' formula and a confirmation of Bastiat's, which he expresses as follows:—"In proportion as capital increases, the absolute share of capitalists in the total amount of production increases, and their relative share decreases. The workmen, on the other hand, see their share increasing in both respects."¹

¹ *Discussions a la Société statistique de Paris; séance du 20 janvier et du 17 avril, 1909; Journal de la Société de Statistique, février et avril, 1909.*

CHAPTER V

FORMULA A. WORK THE MEASURE OF VALUE

Rodbertus—The working hour—"The social will"—Work tickets or vouchers—The equalisation of values—Rodbertus alarmed—Inconsistencies of Karl Marx and Engels. •

RODBERTUS, about 1842, sought to determine the "standard of work" as the measure of value, under the name of the "normal period of work" (Arbeitszeit).

"Inasmuch as a working day has a different productive value in different kinds of production, different kinds of work should be assessed relatively to one another and uniformly expressed in terms of a standard unit of work-time. In a particular class of work a working day contains so many hours by the clock, or a working hour so many minutes by the clock; in another class of work it contains so many hours and so many minutes respectively. This presents no obstacle to a division of the standard day or the standard hour, in the different kinds of production, into a uniform number of standard hours, or minutes of work. This will give in and for every kind of production a species of scale by which to measure the productive value of a given period of work.

"The difficulty arising from the differences among various workmen can be removed by the standard daily task (Normales Tagewerk)."

This settles the whole question. The "social will" of the State decrees the standard period of work. This "social will decides and fixes where individual wills had debated and compromised." This "social will" implies "a separate organ of society to administer its land and its capital, and to preside over social production and distribution." This central organ, "of monarchical or democratic origin"—it matters little from the economic point of view—is to embrace in itself all economic functions. Public needs are determined by the "social

will," as represented by the Prince of the Assemblies. Individual needs are fixed by the standard period of work. "The time which everyone who takes part in production consents to devote to productive work determines the limits of the means which are sufficient to cover the range of everyone's needs." The limits being ascertained, one knows "what is the nature of the needs which are to be satisfied, and therefore the nature and quantity of the articles which are to be produced." From the time when "the duration of work is a common measure of productive power, as well as of needs, nothing can be clearer than the manner in which to proceed."

The administration may, (1) fix the value of all products "by fixing the value of the produce of the labour of each individual in terms of every other kind of product, and consequently in terms also of articles for consumption or finished products" (p. 117); and (2) create a currency which answers fully to the requirements of a currency.

The economic administration would remit to each producer a receipt for so much standard work, represented by the actual produce created by him in accordance with the rules herein set forth. This document would bear an exact statement of the value created by its holder, and would therefore serve in his hands as a voucher for an equal value. He could then use it to obtain payment for his labour in the social magazines in the form of articles of consumption in exchange for the voucher.

This currency would form a perfect measure of value, since each voucher would state the precise quantity of value which had been worked out; in the second place it would afford an absolute security, inasmuch as it would only be issued if the value expressed upon it in fact existed; in the third place it would cost nothing, as it would be merely a piece of paper with no intrinsic worth, yet capable of forming a perfect substitute for money. (pp. 126-127.)

"By properly following the rule," said Rodbertus, "the sum total of value to be disposed of must be exactly equal to the total value certified; and inasmuch as the total value certified corresponds exactly to the total value allotted, the latter must necessarily resolve itself into available value, all requirements are satisfied and the values balance accurately."

Although Rodbertus was an agriculturist, he forgets that a fortnight of drought or of rain might disturb this beautiful equilibrium. Still, he worked it out and had it verified by one of the overseers of the public debt in Pomerania, and therefore asserts that it supplies every guarantee of soundness. He admits, however, that "in the absence of special legislation, it is impossible for work to be the measure of value."

Karl Marx, in order to prove that he was not a disciple of Rodbertus, made fun of this childish system, which pre-supposes that an administration can set up an exact relation between the value of gems and of manure, as determined by a standard of working time, regardless of demand and supply, which can only be indicated by competition.

When Karl Marx's "Capital" appeared in 1867, Rodbertus, the conservative and landowner, was alarmed, like a hen which has hatched ducklings. In order to reassure himself and his fellow landed proprietors, he proposed "to consider the function of the capitalist employer as a public function entrusted to him by the medium of capitalist property, and his profit as a form of salary. But salaries can be regulated or reduced if they become unduly large."

All systems of collectivist organisation end, through the force of circumstances, in vouchers for work, and the witticisms of Marx and Engels only go to prove the incoherence of their own theories.

CHAPTER VI

KARL MARX AND FORMULÆ A, B, AND C

- i. Ricardo's formula and Marx' amendment—A third mysterious quantity—"Labour power"—Definition of value—Surplus value.
- ii. Variable capital and surplus-value—Example.—1,307.69 per cent.—Total surplus value proceeding from 2.50 per cent. of capital—The vampire.
- iii. Disinterestedness of the "vampires"—Destruction of surplus value by establishment.
- iv. The elements of profit—Marx' assertion that establishment is not a factor in profit.
- v. Raw material—Definition of profits.
- vi. Variation in surplus-value—Marx' and Engels' qualifications—The theory abandoned—Profit is derived, not from the quantity of unpaid labour, but from the management of the enterprise.

I.

RICARDO said: "The value of a commodity depends upon the amount of the labour necessary to produce it." This definition has the advantage of simplicity, and therefore did not suit Karl Marx, who adopted Ricardo's definition, with the substitution of the expression "labour-power" for "labour," and this constitutes his great discovery to the admiring eyes of Engels.¹ But he does not always make use of this complementary expression.

In order to establish his proposition, Karl Marx starts with the elementary arithmetical truism that two quantities which are equal to a third are equal to one another. Let us see how this truism becomes distorted by Karl Marx's dialectical method.

A given quantity of corn is equated to some quantity of iron. What does this equation tell us? It tells us that in two different things there exists in equal quantities something common to both. The two things must therefore be equal to a third, which

¹ "Das Kapital" (German edition), Introduction to vol. iii.

in itself is neither the one nor the other. Each of them must be reducible to the third, independently of the other.¹

In exchange, these two commodities are equal to the reciprocal desire of their two owners to exchange them, and in proportion to such desire. As money serves as the common denominator in exchange, these two quantities are equal to a certain quantity of money. Karl Marx does not care to take the facts leading to this conclusion into account. He supposes that this third quantity is the mysterious quantity of labour which is incorporated in the corn and the iron. His great discovery is then complete :—

“The value of each commodity is determined by the quantity of labour expended on and materialised in it, by the working-time necessary, under given social conditions, for its production.”²

In Karl Marx' view, value cannot be the relation between the desire and the need of two individuals. He declares that “value only consists in articles of utility, in an object.” Still labour-power is not an object; it is the expression of an effort which may even possibly remain without any result. In order to meet this objection, Karl Marx declares that “man himself, viewed as the impersonation of labour-power, is a natural object,”³ and further that “the real value of a commodity is not its individual value, but its social value.”⁴ Value is defined as “a definite social manner of expressing the amount of labour bestowed upon an object.”⁵ Karl Marx takes care to call attention to the importance of this conception of value, “the discovery of value marks an epoch in the history of the development of the

1 “Das Kapital,” vol. i., chap.

2 Ibid, vol. i., chap. vii., §2.

3 Ibid, vol. i., chap. viii.

4 Ibid, vol. i., chap. vii.

5 Ibid, vol. i., chap. i.

human race."¹ Nevertheless Engels subsequently said that even if Marx' law of value ought not to be considered as inaccurate, it is too vague, and is capable of being laid down with greater precision, and he recognises that it fails to correspond with actual facts. Werner Sombart declares that "the law of value is not an empiric fact, but a fact founded upon ideas, a stimulus to our minds." Another disciple, Bernstein, looks upon it as a "subjective conception," and Karl Marx in his third volume recognises that it is entirely removed from reality by saying that "the cost of production includes not only labour-power and work-time, but also the intermediate profit of the capitalist."

Karl Marx then invokes the aid of formula "B," called by Lassalle "the iron law of wages," and transforms it into his theory of "surplus labour." The value of the working day is determined by the working time necessary for the production of the means of subsistence that are daily required for the production of labour power. If this costs six hours, the labourer must work on an average for six hours. During these six hours he is working for himself, but by working for twelve hours he gives six hours of extra labour or surplus labour or unpaid labour, which constitute the profit of the capitalist, and this is what Karl Marx calls "surplus-value." Reducing all this to a ratio we have

Surplus labour,

Necessary labour.

This proportion determines the rate of surplus-value. The total amount of necessary labour and of surplus-labour forms the grand total of labour-time or in other words a working day.

II.

Karl Marx places capital employed in production in three categories. Fixed capital, representing

¹ "Das Kapital," vol. i., chap. i.

establishment or plant; constant capital, representing rent, raw material, heating and lighting; and variable capital, representing wages.

The variable capital of a capitalist is the expression in money of the total value of all the labour-powers that he employs simultaneously. Its value is, therefore, equal to the average value of one labour-power, multiplied by the number of labour-powers employed.¹

Why should capital be constant when it is a question of raw material and variable when it is one of wages? The price of the former is subject to more rapid and more frequent fluctuations than that of the latter. Karl Marx recognises that the price of cotton may rise in the market from sixpence at the time when it enters a factory to a shilling during the process of manufacture, and that this rise in price may become incorporated in the product, but "this charge is independent of the increment or surplus value added to the value of the cotton by the spinning itself."

That part of capital which is represented by the means of production, by the raw material, auxiliary material, and the instruments of labour, does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, *constant capital*.

On the other hand, that part of capital, represented by labour-power, does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, maybe more or less according to circumstances. This part of capital is constantly being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or, shortly, *variable capital*.²

¹ "Das Kapital," vol. i., chap. xi.

² Ibid, vol. i., chap. viii.

Profit is derived from the fact that the capitalist is able to sell a thing for which he has not paid, namely surplus labour. Consequently a ratio can be established between variable capital representing labour and the excess of that value obtained by the finished goods.

Let us examine the consequence of these notions in the light of an example¹ given by Marx. He takes the case of a spinning mill containing 10,000 mule spindles for a week in April, 1871, and applies this to a year's working, without regard to any question of credit.

| | |
|---------------------------------|---------|
| Fixed Capital (machinery) | £10,500 |
| Circulating Capital | 2,000 |
| | <hr/> |
| Total capital | £12,500 |
| | <hr/> |

The £2,500 of circulating capital is divided into:—

| | |
|------------------------|--------|
| Constant Capital | £2,182 |
| Variable Capital | 318 |

The value of the week's product is:—

| | |
|---|-------|
| Fixed Capital (wear and tear of machinery) | £20 |
| Constant circulating capital (Rent £6; raw cotton £342; coal, gas, and oil £10) | 358 |
| Variable capital (wages) | 52 |
| Surplus value (unpaid labour) | 80 |
| | <hr/> |
| Total | £510 |
| | <hr/> |

The capital advanced weekly is:—

| | |
|------------------------------------|-------|
| Constant circulating capital | £358 |
| Variable capital (wages) | 52 |
| | <hr/> |
| Total | £410 |
| | <hr/> |

¹ "Das Kapital," vol. i., chap. ix.—vol. iii., chap. iv.

Proportion per cent.:—

Constant capital 87.3

Variable capital 12.6

Calculating these elements upon the total circulating capital of £2,500, we have £2,182 constant capital and £318 variable capital. The total amount expended annually in wages is $52 \times £52 = £2,704$, so that the variable capital of £318 has turned itself over almost exactly $8\frac{1}{2}$ times in the year. The profit for the whole year is $80 \times 52 = £4,160$, which, in relation to the total capital of £12,500, yields 33.28 per cent. This is the rate of profit. Profit is arrived at by comparing the surplus-value of labour or of variable capital with the total capital, but this is not the profit which is apparent. The surplus-value of the variable capital is only to be compared with the variable capital, that is with the amounts paid to the workmen. We now have £80 of surplus-value, divided by $£52 = 153\frac{1}{3}$ per cent. But inasmuch as the variable capital (£318) is turned over $8\frac{1}{2}$ times in the year, we have:—

$$153\frac{1}{3} \times 8\frac{1}{2} = 1,307\frac{1}{3} \text{ per cent.}$$

This figure of surplus-value is the figure of surplus-labour, the rate of remuneration of this vampire, capital. When the employer pays £100 in wages, he makes a profit of £1,307, when he pays £1, his profit is £13.

Karl Marx and his followers have every advantage in denouncing such an exploitation of labour by capital; a declamatory socialist does not analyse the method by which this proportion was arrived at. He challenges mathematicians to demonstrate that Marx's authentic calculations are incorrect, and because no one takes up the challenge, he concludes from their silence, that Marx has proved, not in accordance with an hypothesis in the air, but by the example of an English spinning mill, that an

employer made a profit of more than £13 for each pound spent in wages, during a week in 1871; that those £13 are derived from the £1 spent on labour; that they represent the surplus-value of human labour, which is absorbed by capital, and that they stand for labour, which has not been remunerated. Marx continues:—

The total capital is divided into £12,182 of constant and £318 of variable capital, a total of £12,500, or 97½ per cent. of constant and 2½ per cent. of variable capital. Only a fortieth part of the total capital is employed in paying wages, but it serves this purpose more than eight times a year.

The whole surplus-value, therefore, according to Marx's theory, is derived from these 2½ per cent. And he concludes by saying that:—

Capital is dead labour, that, vampire-like, only lives by sucking living labour, and lives the more the more labour it sucks.¹

III.

Instead of denouncing the rapacity of the vampires who grow fat on labour for which they do not pay, Karl Marx ought to have made fun of their absurd disinterestedness. According to the above computation, the portion of capital set apart for wages is only 2½ per cent. of the total capital; if then the profit be derived entirely from this fraction, why do employers continually seek to keep it down, instead of increasing it? Why improve their plant instead of increasing the number of their wage-earners? If unpaid human labour be the sole element of profit, why substitute mechanical labour for it? How can they have failed to realise their mistake, when Karl Marx has pointed out to them the means of obtaining unlimited profits by making unlimited additions to their staff of labour?

Logically, in order to make a fortune the capitalist has only to take the greatest possible number

¹ "Das Kapital," vol. i., chap. x.

of workmen and to make them work, not as usefully as possible, but for the greatest possible number of hours. An employer should never buy a machine, and should destroy all those that he possesses. If navvies had neither picks, spades nor wheelbarrows, the number of them necessary for a particular job would have to be largely increased, and by virtue of the law of surplus-value they would earn far larger profits for the contractor if they were to scrape the ground up with their nails and carry it in their hands.

Karl Marx found the following answer. There are three methods by which the capitalist can increase surplus-labour: by reducing wages, that is to say the hours of necessary labour, a reduction which is limited by the means of subsistence, or by increasing the hours of labour, but in this he is encountered by obstacles of a physiological, moral, and legal nature. There remains, therefore, but one method, that of perfecting the means of production.

The capitalist who applies the improved method of production, appropriates to surplus-labour a greater portion of the working-day than the other capitalists in the same trade.

There is immanent in capital an inclination and constant tendency to heighten the productiveness of labour, in order to cheapen commodities, and by such cheapening to cheapen the labourer himself.¹

This is how Karl Marx explains the capitalist's passion for machinery. But this explanation is insufficient for the following reason. If machinery increases the labour of the individual, it diminishes the number of individuals necessary for a like amount of production; it therefore destroys that human surplus-labour which is the sole source of surplus-value, and which alone produces a profit for capital; the capitalist, therefore, by substituting

¹ "Das Kapital," vol. i., chap. xii.

machinery for manual labour, condemns himself to famine and commits himself to suicide, and all progress in industrial production is actually the destruction of surplus-value.

A capitalist owns a machine of ten horse-power, worked by two mechanics, each of whom is paid 6 francs a day. The result is as follows:—

| | |
|-------------------------|-------------------------------|
| 6 hours' surplus-labour | <u>surplus-value 3 francs</u> |
|-------------------------|-------------------------------|

| | |
|---------------------------|---------------------------|
| 6 hours' necessary labour | variable capital 3 francs |
|---------------------------|---------------------------|

Multiplying this by 2, you find that the capitalist vampire has appropriated surplus-value to the value of 6 francs. If, however, he had employed the 210 men who are the equivalent of 10 horse-power, he would even, if the surplus-value was reduced from 3 francs to 1.50, to 0.50, or to 0.25, have 210 francs, 5 francs, or 52 francs respectively, instead of the 6 francs obtained from the two mechanics.

These vampires are madmen: they destroy with their own hands the surplus-value which is their only profit.

IV.

Karl Marx' fallacies rest upon this proposition that that which is greater than a particular magnitude cannot constitute a portion of such magnitude. Profit cannot therefore form a fraction of the capitalist's outlay. From this he draws the conclusion that profit is merely the result of unpaid human labour, and in fact falls into the old error of all protectionists, he has eyes only for production. Now production is valueless without consumption. *The profit of a business is derived from its customers.* The demand for a commodity or for services, the net cost at which a commodity is produced, the ease with which it is placed at the service of a purchaser, such are the constituent elements of profit. Capital is one of the coefficients of net cost. Karl Marx asserts that in the eyes of the capitalist the price of the commodity is exclusively deter-

mined by the labour for which he pays. The capitalist knows perfectly well that return on capital is one of the elements in the net cost of a commodity and in the example cited by him this return is an item which he takes into consideration. He waxes indignant because the owner of the capital obtains some return on it, but if the capitalist derived no profit from its employment, he would refrain from employing it. But, says Karl Marx, profit cannot form a fraction of the capitalist's. If he had taken the trouble to observe actual facts, he would have arrived at the following conclusions:

A manufacturer purchases a spinning mill, worth a particular sum of money. It is obvious that, if he were to empty it of its contents or to leave it standing idle, he would reap no profit from it. Of course, standing by itself this mill would confirm the truism that "that which is greater than a particular magnitude cannot constitute a portion of such magnitude." But the manufacturer supplies this mill with cotton of which a quantity is spun, representing a particular sum of money, and it is for the facilities which he affords for converting raw cotton into thread that the capitalist is able to obtain a sum sufficient to pay off the cost of the mill; when this cost has been paid, the profit obtained by the manufacturer out of the work produced by this mill is increased by the paying off and recovery of the purchase price. Here we have an element of profit. As between two undertakings, the one which succeeds the more rapidly in paying off the purchase price of its mills will obtain the greater profit, and its profit will be greater during the time subsequent to the paying off than it was during the time which preceded it. Fixed capital has drawn no profit from itself. A mill does not produce a mill and a quarter or a mill and a half. But the use of the mill produces utility, and utility produced in the shape of the manufactured product enables the manufacturer

to pay off its prime cost and to renew his plant. To say that the mill does not contribute to the profit is equivalent to saying that it does not contribute to production.

V.

Karl Marx' fallacies leave out of account the existence of raw material. Undoubtedly the truism to which he appeals, that that which is greater than a particular magnitude cannot constitute a portion of such magnitude, is applicable to all raw material, which is incapable by itself of producing any profit. If it is not used it even runs the danger of deteriorating, and the capital employed in acquiring it would lose its utility.

But raw material, when brought into contact with other raw material and worked up by means of plant, is transformed into a product, and what is the value which such product acquires? Surely that which is given to it by the consumer who requires it and whom Karl Marx suppresses in order to establish his fallacious argument.

And now what is the part allotted to human labour? The capitalist takes charge of it and provides it with the raw material and the plant necessary to bring it into play, and receives from it either services or products for which he pays, and this payment we call wages. Plant, raw materials and wages result in the production of a commodity, and it is the difference between the net cost and the price at which this commodity is sold which constitutes the profit.

VI.

Karl Marx pronounces the doom of his own system in the following passage¹:—

Apart from modifications introduced by the system of credit, by the chicaneries in which capitalists indulge with regard to one another, and by the

¹ *Das Kapital*," vol. iii., chap. vii. (Appendix).

advantages derived by them by the selection of the most favourable markets, while the degree in which labour is exploited by them may be the same, the rate of profit may be very different according as (a) their raw material is purchased more or less cheaply, or with more or less skill and judgment; (b) their plant is more or less productive, effective, and costly; (c) the general organisation of the various stages in the process of production is more or less complete; and (d) the waste of raw material is avoided; and (e) the management and superintendence are more or less simple and effective. In short, given the surplus-value for a particular amount of variable capital, it depends to a great extent upon the individual competence either of the capitalist himself or of his overseers and clerks, whether this surplus-value is to be expressed in a greater or a smaller rate of profit, and consequently whether his actual profit will be greater or less. The same surplus-value of £1,000, the produce of £1,000 spent in wages, may have required a constant capital of £9,000 in undertaking A and of £11,000 in undertaking B. In the case of A the profit is $\frac{1000}{10000} = 10$ per cent. In the case of B it is $\frac{1000}{12000} = 8\frac{1}{3}$ per cent.

Such a difference in the representative value of the same quantity of surplus-value may be entirely due to differences in the capacity of those who direct the two undertakings.

Engels qualifies the illustration in which the rate of profit is given as 1,307 9-13 per cent.¹ with the observation that this rate of profit is abnormal and is only to be explained by a temporal and exceptional combination of circumstances (exceptionally low prices of raw and exceptionally high prices of manufactured cotton) which undoubtedly cannot have obtained throughout a whole year. A few lines lower down, he confuses the expressions "profit" and "surplus-value," and remarks that such a rate of profit is not uncommon in periods of

1 Supra, p. 119. "Das Kapital," vol. iii., chap. iv.

great prosperity, such as have not, however, been experienced for a considerable time.

These two qualifications, it would seem, upset the whole calculation. If the prices of raw cotton as a raw material, and of manufactured cotton as a product play a part in the increase or decrease of profits, it follows that profit is not simply the product of surplus-labour, and the rate of 1,307 per cent. disappears with the appearance of elements in the value of the product other than the element of surplus-labour.

Marx recognises over and over again that the difference in the profits of various industries depend upon the rapidity with which the capital employed in them is turned over. Accordingly the profit of an undertaking does not depend exclusively upon unpaid labour. It is, therefore, not enough for a capitalist to bring a large number of workmen together, to pay them small wages, and to impose severe and protracted labour upon them in order to obtain surplus-value in proportion to the number employed at a minimum rate of wages and a maximum of industry and duration of labour. Marx himself recognises this by saying that a difference in the same quantity of surplus-value may be entirely due to differences in the capacity of those who direct different undertakings.

Hence follows the involuntary conclusion to his theory to which he is forced and which he admits in his own words: "The profits of an undertaking are independent of the quantity of capital employed in it and are not in proportion to the quantity of unpaid labour."

Profit is derived from the management of the undertaking.

CHAPTER VII

THE DISCOVERIES OF KARL MARX AND THE FACTS

- i. The definition of value—Werner Sombart—Engels' admission—Elements of value—Definition of value.
- ii. Surplus-labour and facts.
- iii. The rise and fall of wages—Karl Marx versus free exchange—The German Socialists versus Karl Marx—The rise of wages and the markets.

I.

KARL MARX' system is so inconsistent that M. Werner Sombart, who has tried to explain it, declares that "the law of value is not an empirical fact, but a mental fact." It is a "stimulus to our minds," and consequently far removed from all reality. M. Werner Sombart says that he has tried to reconcile the obviously contradictory parts of Marx' theory of value, and adds, "at this time Engels can still certify that I was very nearly in the right, but that he is unable to subscribe without some qualification to everything that I have imported into Marx' doctrines. Other critics were of opinion that this was not Marx' theory of value at all." And M. Werner Sombart adds modestly, "perhaps they are right." Nevertheless, Engels recognises that "even if Marx' law of value cannot be considered incorrect, it was too vague and was capable of being set out with greater precision," but he has not himself undertaken the task of doing so.

If the foundation of scientific socialism, with which the disciples of Marx claim to revolutionise the world, is merely a "subjective conception," deprived of all reality, they lay themselves open to the same criticisms which they level at the French Utopians and socialists of 1848.

It is untrue that labour is the measure of value; value is measured by exchange and is based upon two objective elements, the net cost of the commodity, of which labour constitutes merely a

variable element, and the purchasing power of him who desires to possess it, and upon one subjective element, the demand for such commodity. The market rate is fixed, not by the net cost, but by the purchase price.

Value is the ratio between the utility possessed by an individual or group of individuals and the demand as well as the purchasing power of one or of several other individuals. Price is the expression in money of this ratio. The vendor in offering a commodity for sale looks upon labour as an element representing 20, 30, 40, or 60 per cent. of the net cost, but he adds to this the cost of raw materials, interest, and the redemption of his capital, all of them objective elements which are no less indispensable than the element of labour. He fixes his price according to the strength of the demand for which he has to provide, and to the purchasing power exhibited by those who furnish that demand. If the price he asks be greater than this purchasing power, the contemplated purchasers abstain from buying, and if the vendor be obliged to sell, he first makes a reduction in that portion of the profit which he had proposed to reserve for himself, and subsequently draws upon his total net cost, in which case he sells at a loss. But this loss falls upon the other elements in the net cost of production as well as upon the element of labour, indeed labour is only affected in the last resort.

II.

There remains Marx' other great discovery, that of "surplus-value" or "surplus-labour," which Engels calls "the key of capitalist production." It is not less completely belied by facts than the "iron law of wages." If all the profits of the employer were derived from surplus-labour, he would have to devote himself to two operations: (1) to increase the hours of labour and lower wages; (2) to increase the number of his workmen and

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repress all improvements in plant. According to these propositions, if the hours of labour decrease and wages rise, the individual employer must lose his profits and fall into difficulties. Now in England, to take an example, wages have risen and the hours of labour decreased, and yet English industry has made enormous progress and earned enormous profits during the last half century. The same thing has happened in all countries, from which the conclusion follows that Karl Marx' theory of surplus-value is belied by facts.

If the employer's profit be derived from the surplus labour of the workmen, the employer should increase their number, and should decline to employ machinery, the effect of which is to decrease it. How comes it then that employers attempt, on the contrary, to decrease the number of their workmen and to supplant them by machinery? They do not seek to increase their profits by adding to the number of their employees, but by perfecting their plant.

What remains, then, of Marx' theory of surplus-value? What becomes of the sonorous word "surplus-labour" and the denunciations of the exploitation of man by man? Are the socialists who continue to proclaim it entitled to protest against science when the most cursory observation so clearly gives them the lie?

III.

Karl Marx is so complete an adept in the "iron law" as to believe that the rate of wages is regulated by the rate of the means of subsistence, and that, therefore, the dearer the means of subsistence, the smaller the amount of surplus labour of which the capitalist has to dispose. A fall in prices can, therefore, only provide surplus labour for the capitalist.¹ This was written by Karl Marx twenty

1 "Das Kapital," vol. i., chap. xii.

years after the abolition of the Corn Laws in England, and this example alone will suffice to show his contempt for facts. Although he lived in England, he remained an opponent of free trade at a time when he was able to perceive its consequences at first hand. But when the agrarian party in Germany proposed to increase the duties on meat and on cereals, Bebel and other German followers of Marx, who laid claims to orthodoxy and repudiated Bernstein, did not hesitate to abandon their master's doctrine and to oppose it, thereby showing that, if they still professed a belief in surplus value, their faith had become sufficiently attenuated to permit of the heresy of demanding to live cheaply instead of dearly.

As for the assertion of formula C, that "profits decrease in proportion as wages increase," the facts establish that an employer can raise the rate of wages almost indefinitely if he can increase his market. A committee of the Manchester Chamber of Commerce has compared the net cost of cotton spun in India and in Lancashire; in spite of the high wages and the short hours of labour, the English "hand" is cheaper than the Hindoo.¹

¹ Chapman. Report on the Cotton Trade, submitted to the Manchester Chamber of Commerce.

CHAPTER VIII

THE TWO CLASSES

ALL the followers of Marx, including MM. Werner Sombart and Georges Sorel, consider the "Communist Manifesto" of 1847, which was drawn up by Marx and Engels, as "the starting point of a new era." The "Manifesto" begins by asserting that "the whole history of human society to the present day is the history of the struggle of classes." Karl Marx, Engels, and their disciple Paul Lafargue make the history of human decadence begin with the introduction of private property. Historians have, generally speaking, overlooked the claims of the Terra del Fuegians, Australian aborigines and other people who still enjoy the benefits of communistic anarchy. If Marx, Engels, and Paul Lafargue have written that they considered themselves as in a state of decadence by comparison with them, they have failed to accommodate their conduct to their theories.

Thirty-six years after the "Communist Manifesto," Engels still asserts that, "Since the abolition of the ancient common ownership of the soil, the whole of history has been a struggle of classes." M. Werner Sombart recognises that all these struggles, far from being struggles of classes, have most frequently been conflicts between ethnic groups or between populations who inhabited different countries, but if he condemns Karl Marx' definition of history as false as applied to the past, he adjudges it to be true as regards the future. The "Communist Manifesto" said:—

Our age, the age of the *bourgeoisie*, has simplified class antagonisms. Society more and more divides itself into two great hostile camps, into two great classes in direct opposition to one another, the *bourgeoisie* and the proletariat (§3).

The mass of labour to provide for increases in proportion to the development of machinery and of

division of labour; the number of hours of labour is increased, as well as the labour required to be performed in a particular time (§15).

The middle classes of former times, the small tradesmen, the merchants, and the people of independent means, the artisans and peasants are all in their turn being absorbed in the proletariat. Thus the proletariat recruits from among all classes of the population (§18).

In 1847 Karl Marx used the present indicative tense, but he was prophesying, basing the future upon the abolition of ethnic struggles and of all national and religious wars. He set up two classes in our increasingly complex society. I call this simplex system social dichotomy. "But," says M. Werner Sombart, "modern society presents itself to us as a complex concatenation of numerous social classes, country squires, middle class, lower middle class, proletariat, officials, men of learning, artists, etc." So that there must be more than two of them, in which case the process which Marx foresaw, in virtue of which actual society must forcibly end in communism, has no real existence.

Karl Marx' theory is summarised in Victor Modeste's formula, "the rich grow richer and the poor poorer." Karl Marx substitutes "the few" for "the rich" and "the many" for "the poor." He sets up an antithesis between two groups, the bourgeois group, consisting of an increasingly restricted number of individuals, each of whom is increasingly inflated by capitalism, and the proletariat group who are increasingly numerous and indigent. All the rich are not equally rich, all the bourgeois are not capitalists on the same level. Consequently they are not all inflated to the same degree with what Karl Marx calls "surplus value": they are not all magnitudes of the same order. To bring the rest of mankind into alignment with the same symmetry, as though they too are magnitudes of the same order, prepared to march with auto-

matic step against a bourgeoisie which they are to annihilate by sheer weight of numbers—for victory belongs to the big battalions—to imagine two armies in perfect alignment and perfect order, one of which, continually adding to its recruits, crushes the other with its weight, all this is merely the conception of a Prussian corporal. But contrary to Karl Marx' proposition, the recruits do not go to swell the proletariat army, the army they join is that of the capitalists. The proletariat army invented by Karl Marx, merely consists of candidates for the other army. The most active and sterling elements in the ranks of the proletariat are intending deserters many of whom have already acquired interests in the opposing camp. The skeleton units in that camp are formed entirely out of deserters, at whose head are the majority of the actual leaders of socialism, the most unassuming of whom become members of the lower middle class, while others become rich, substantial bourgeois like Bebel.

Karl Marx and Engels based their theory upon two postulates—that the number of those interested in individual property would quickly and constantly diminish, and that the proletariat of the greater industrial system would be in a progressively miserable condition. It is necessary to the realisation of socialist evolution that industry and capital be concentrated in a small number of hands, and that the masses of wage earners become more and more miserable and be deprived of all personal property. This is the process set forth in Karl Marx' and Engels' "Communist Manifesto" and confirmed by the Erfurt Congress of 1891.

BOOK IV

THE DISTRIBUTION OF
CAPITAL

CHAPTER I

BERNSTEIN AND THE CONCENTRATION OF CAPITAL AND OF INDUSTRY

Increase in the number of capitalists in England and in Prussia—Increase of small industries in Germany.

ECONOMISTS who have ventured to make a few timid observations upon the theory outlined in the last chapter, or upon the iron law of wages, have been declared to be the "enemies of the workman." This was considered an all-sufficient argument, like Molière's tart and Molière's cream.

But a German Socialist, Bernstein, who, as executor of Engels' will, presented some guarantee of orthodoxy, had the misfortune to be exiled from Germany for complicity in an illegal agitation. He spent eleven years in Switzerland and eleven in England, and made a comparison in those countries between economic facts and the allegations of Marx and Engels—"a great misfortune," as Bebel said at the Lübeck Congress. It was indeed a misfortune for those Socialists who accept Marx's fallacies as indisputable dogmas.

Bernstein, observing what went on before his eyes, formed the conviction that these fallacies were erroneous, and had the audacity to publish this discovery.¹ While Karl Marx based his theory of the social revolution entirely upon the concentration of capital in an increasingly limited number of hands, and the increase of a progressively wretched number of the proletariat, Bernstein replies by showing that the number of capitalists, so far from diminishing, is increasing, and that the new capitalists disclaim the struggle between classes even while they remain supporters of it in theory. Consequently, the social revolution is not a fatal consequence of the

¹ "Die Voraussetzungen des Socialismus und die Aufgaben der Social Demokratie."

historical law imagined by Karl Marx, and a policy based upon this struggle can only end in deception. The number of capitalists does not diminish, as the following facts will show¹:

The very form of limited companies is inconsistent with the centralisation of fortunes, by permitting a considerable subdivision of capital. Thus an English thread-spinning trust, which has only been in existence for a year, numbers no less than 12,300 shareholders. The fine spinners' trust has 5,454, the Manchester ship canal 40,000, and Lipton's 74,262. Messrs. Spiers and Pond's undertaking in London, which is cited by Socialists as an instance of the concentration of capital, has a total capital of £125,000, and numbers 4,650 shareholders, of whom 550 hold shares to an amount of more than £480. The total number of holders of shares in England is estimated at a great many more than a million, and this seems to be no exaggeration in view of the fact that in the year 1896 alone the number of limited companies in the United Kingdom was 21,223, with a capital of £1,069,920,000. These figures do not include the shares in foreign enterprises which are dealt in on the English market, Government stock, etc.

Therefore, the number of owners of property in England does not diminish. Is it otherwise in Prussia?

In Prussia, as readers of Lassalle know, there were 44,407 individuals out of a population of 16,300,000 with an income of 1,000 thalers (£150). In the year 1894-5, out of a population of 32 millions, there were 321,296 in the enjoyment of an income of more than that amount. In 1897-8 their number was 347,328. While the population doubled, the number of individuals who enjoyed a small competency was multiplied by six. The proportion of persons in the easiest circumstances, as compared with the total population, increased

¹ This summary is based upon a pamphlet by M. Abel, the editor of *La Flandre Libérale*.

in the proportion of more than two to one. And if we take a later period we find that in the fourteen years from 1876 to 1890, side by side with a total increase of 20.56 per cent. of persons liable to taxation, incomes between £100 and £1,000 (upper and lower middle class) increased by 3.52 per cent. (582,024 as against 42,534). The class of owners properly so-called (incomes of 2,000 thalers and upwards) increased during the same period by 58.47 per cent. (109,095 as against 66,319). Five-sixths of this increase falls upon the moderate incomes of from 500 to 6,500 thalers.

The "Einkommensteuer," a graduated income, was introduced in 1891: persons whose incomes fall short of 900 marks (£45) are exempt. It is fair to assume that a number of persons conceal part of their income in order to remain within this limit. Nevertheless the number of taxable incomes of more than 900 marks was 2,436,000 in 1892, and the total income was upwards of 5,961 millions of marks. In 1907 the number was 5,390,000, an increase of 120 per cent.; while the income had increased from 5,704 millions of marks to 11,747 millions, an increase of 107 per cent. This difference of 14 per cent. between the increase of total income and the increase of taxable incomes demonstrates that wealth has been distributed and not concentrated. This improvement continues: in 1908, the number of taxable incomes was 5,880,000.

Taking the number of individuals, after deducting corporate bodies, we find:—

| Number | Proportion to population | Net income in millions of marks | Average net income per taxable income |
|--------------------|-----------------------------|---------------------------------------|---|
| 1892 ... 2,496,000 | 8.7 p.c. | 5.704 | 2.342 |
| 1907 ... 5,384,500 | 14.4 p.c. | 11.748 | 2.182 |
| 1908 ... 5,876,700 | 15.4 p.c. | 12.795 | 2.677 |

So that economic progress, far from producing an increasingly numerous and increasingly poor

mass, adds to the number of those who possess a more or less considerable income. The molecule which is to-day put at the bottom rises to-morrow to the surface. Civilisation becomes more and more fluid. The boy who sells newspapers on an American railway car is the potential Carnegie or Edison of to-morrow. In France the bricklayer of Limoges is not only a bourgeois candidate, he is a successful bourgeois who, with a salary in Paris, is a capitalist in his own country.

Do the great industries destroy the small? Here is what has happened in Prussia, according to Bernstein, where the Government absolutely favours the former:—

In 1875 the greater industries occupied the same relative position, as regards production, as in England in 1891. In Prussia 38 per cent. of the workmen were engaged in them in 1875, so that these industries have developed in a sufficiently large proportion. None the less, the great majority of persons employed in industries in Germany was still employed in the moderate-sized and minor industries. Of 10½ millions of workmen employed in industries in 1875, rather more than three millions were employed in the larger industries, 2½ millions in the moderate-sized industries (employing from 5 to 50 workmen), and 4½ millions in the minor industries. There were only 1½ millions carrying on their own small hand-trades.

From 1882 to 1895 the small undertakings (1 to 5 workmen) in Germany increased from 2,457,950 to 3,056,318, or 24.3 per cent.; the minor undertakings of moderate size (6 to 10 workmen) from 500,097 to 833,409, or 66 per cent.; the greater undertakings (11 to 52 workmen) from 891,623 to 1,620,848, or 81.8 per cent. During this period the population only increased by 13.5 per cent. "If," says Herr Bernstein, "during the period in question the greater industries have increased in a larger proportion—88.7 per cent.—this increase has not coincided with an absorption of the minor industries, except in a few isolated cases."

Percentages should be treated with caution, for it is important to know to what figures they are to be applied. If 1 becomes 2, the increase is 100 per cent. If 6 becomes 9, the increase is only 50 per cent., but the actual figure is much larger.

In Prussia, the number of persons employed in traffic and business (exclusive of those employed by the railways and the post office) increased from 1885 to 1895, in the case of undertakings employing more than two persons, from 411,509 to 467,636, an increase of 13.6 per cent.; in undertakings employing from 3 to 5 persons the increase was from 176,867 to 342,112, or 93.4 per cent.; and in undertakings employing from 6 to 50 persons the increase was from 157,328 to 303,078, or an increase of 142.2 per cent. The minor undertakings indicate the greatest increase, although the increase is the most considerable, in proportion, in the greater ones. But the latter do not represent more than 5 per cent. of the whole.

Herr Bernstein's conclusion, which we believe to be correct in all respects, is that "the larger industries do not continually absorb the minor and moderate-sized undertakings, but gather strength and increase side by side with them."

The cries of rage with which Herr Bernstein's conclusions were received by Socialists are easily explained. From the moment when the law of the concentration of capital fails to be verified by the facts, Socialism loses its hopes.

But Van der Velde and Georges Sorel are obliged to state that no such concentration has come to pass. The greater industries have constantly shortened the hours of labour and increased the rates of wages, and wages are highest where the greater industries have attained the highest degree of development. The foremen in the rolling mills at Pittsburg draw 15 dollars a day. The bourgeois, or middle class, far from decreasing, constantly increases in numbers.

CHAPTER II

THE POOR BECOME POORER

- i. Actual poor and real poor—Victor Modeste's formula.—Number of poor.—Charitable organisations always find them.—Decreasing number in Paris from the Consulate to 1903.—Number of destitute assisted from 1857 to 1903.—Compulsory assistance.—Gratuitous medical assistance and its abuse.—Total $5\frac{1}{2}$ to 6 per cent. of population.
- ii. England and Wales—Decrease in number of poor.—The bourgeoisie and its slave.

I

By virtue of the process foreseen by Karl Marx, "Society finds itself suddenly thrown back into a momentary state of barbarism and into pauperism." Has barbarism increased in the last sixty years? I very much doubt it. Is pauperism greater now than it was then? Let us see.

Poor Law statistics do not greatly signify, the actual poor and the real poor are two distinct beings, the latter being produced by the law, by custom and by tradition.

The formula in which Karl Marx' theory of the two classes is condensed, that "the rich become richer, the poor poorer," is due to that man of morbid character, Victor Modeste. In ransacking the registers of the department of public relief (*Assistance publique*) he observed that the same families appeared in them, generation after generation, and concluded therefrom that "the poor became poorer and the rich richer." This is not the conclusion to be drawn from the fact, the proper one is quite different. This fact proves that people under the protection of the department, accustomed to live by its aid with a minimum of exertion, make no attempt to emancipate either themselves or their descendants from it. Looking upon themselves as they do as its pensioners they consider

that it has duties in regard to them in exchange for their submissiveness and their importunate mendicancy. The number of persons in receipt of relief in France is bound to increase, for the simple reason that the number of charitable institutions has increased. Sir Athelstane Baines and those who have any practical acquaintance with the poor law would agree with Sir William Chance that, generally speaking, a Union can have as many paupers as it chooses to pay for.¹

According to M. E. Chevallier in the year X, under the Consulate, 20 per cent. of the inhabitants of Paris were indigent, 12 in 1818, and 5 or 6 about 1880. In 1903 the department only returned 2 per cent. because it only includes in this category those persons who were in receipt of annual relief and not those who had received temporary assistance. M. de Foville says that it is impossible by any method of calculation to find 5 per cent. of actual destitutes in Paris. And so the proportion during the Consulate no longer holds good.

M. de Villeneuve-Bargemont, in 1829, calculated that there were 1,329,000 indigent poor in France, say 4 per cent. of the population. Beginning in 1837, the figures of the public charitable institutions yield the following results:—

| Year. | Number of existing public charitable institutions. | | Number of indigents relieved. |
|-------|--|--------|----------------------------------|
| 1837 | | 6,715 | 806,000 |
| 1860 | | 11,351 | 1,159,000 |
| 1883 | | 14,485 | 1,405,000 |
| 1903 | | 16,040 | 1,384,000 |
| 1904 | | 16,040 | 1,381,400 |
| 1905 | | 16,040 | 1,348,400 |

Despite the increase in the number of charitable institutions and of a population which has in-

¹ Royal Statistical Society, June 20th, 1906.

creased from twenty-seven and a half millions to thirty-nine millions, the figures of 1829 and of 1905 are very nearly the same.

The law of July 14th, 1905, lays upon the communes the obligation fully and completely to "supply compulsory relief to the old, the infirm, and to incurables without means." The number of persons in receipt of relief will undoubtedly increase, but the number of actual poor will be no greater.

The law of July 15th, 1893, organised gratuitous medical assistance, not only "for all sick persons of French nationality without means," but for all who "in case of illness are not in a position to obtain medical attendance at their own expense" (Circular of May 18th, 1894). Patients of this description are more numerous than those who obtain relief from public charitable institutions. The law may be estimated as being in operation in departments with a population of 34 millions. The medical man who has no confidence in the prospect of pecuniary recognition of his services, induces his patient to obtain the benefit of gratuitous medical assistance. By this means he makes sure of being paid.

Those persons who are in receipt of assistance are not all indigent. The number of beneficiaries in 1903 was about two millions (1,957,000) of whom 860,000 obtained substantial treatment in the course of the year. The proportion, therefore, would work out at between $5\frac{1}{2}$ and 6 per cent. of the population of France; this figure is more probably above than below the true one.

II

In England the ancient poor law of Elizabeth's time was completely recast in 1834. No comparison is possible between the earlier and the present time, but it is estimated that in 1849 there

were not more than a million poor in England and Wales, say $5\frac{1}{2}$ to 6 per cent. of the population.

According to the Report of the Royal Commission on the Poor Laws (1909, p. 20) the cycles of pauperism since 1871 (the year when the complete statistics for England and Wales begin) are as follows:—

| Cycles. | Mean number of persons relieved. | Mean of the annual rates per 1000 of estimated population. | Decrease in rate as compared with preceding cycle. |
|-----------------------------|----------------------------------|--|--|
| 1871-2 to 1879-80 (9 years) | 747.936 | 31.2 | — |
| 1880-1 to 1887-8 (8 years) | 711.626 | 26.6 | 4.6 |
| 1888-9 to 1895-6 (8 years) | 694.094 | 23.8 | 2.8 |
| 1896-7 to 1905-6 (10 years) | 718.444 | 22.2 | 1.6 |
| 1906-7 } latest years | 769.160 | 22.3 | — |
| 1907-8 } | 772.346 | 22.1 | — |

In the two years 1906-7, 1907-8 the numbers have oscillated, and as it is not yet clear what place they will occupy in the general movement, they are given separately.

According to a table presented to the International Statistical Institute at its meeting in London (August, 1905) by Mr. C. S. Loch, Professor at King's College and Secretary of the Charity Organisation Society, the ratio of pauperism has undergone the following variations in the Metropolis:—

| Year (End of Jan.) | Population in thousands | Indigent persons relieved per thousands of population. | Ratio of pauperism. |
|-----------------------|-------------------------------|--|------------------------|
| 1861 | 2,770 | 114.5 | 4.13 |
| 1871 | 3,221 | 162.4 | 5.04 |
| 1881 | 3,771 | 105.6 | 2.80 |
| 1891 | 4,181 | 100.6 | 2.41 |
| 1901 | 4,511 | 106.4 | 2.36 |
| 1903 | 4,579 | 114.6 | 2.50 |
| 1904 | 4,614 | 117.4 | 2.54 |
| 1905 | 4,649 | 128.2 | 2.76 |

After 1903 there is a slight rise, but this is in great measure owing to the markedly paternal

Socialism which is "making the poor."¹ In spite of this disturbing psychological element the proportionate number of the poor has decreased by more than one-half since 1861.

The rich may become richer, but the poor do not become poorer. The followers of Marx have announced the ruin of the bourgeoisie in the following terms:—

The bourgeoisie is incapable of ruling because it is no longer able to ensure the existence of its slave, even in the conditions of his slavery, because it is obliged to allow him to fall into a condition in which it must support him instead of being supported by him.²

The pretended slave knows better and better how to support himself by his labour and even by his thrift.

¹ See St. Loe Strachey's "Making the Poor."

² Werner Sombart, p. 89.

CHAPTER III

FINANCIAL FEUDALISM

M. A. NEYMARCK—Sub-division of transferable securities—Certificates of railway shares—Bonds—Government stock—The “Banque de France”—Loans on landed security—Saving bank deposits—American millionaires and feudal lords.

M. A. NEYMARCK made a series of studies in 1893, in 1896, and in 1903, in the “Sub-division of transferable securities,”¹ bearing upon government stock, shares and bonds of the “Crédit Foncier” (a bank issuing loans upon the security of landed property), and shares and bonds of railway companies representing approximately a capital of 55,000 millions of francs (£2,200,000,000) out of the 85 to 90 milliards of francs (£3,400,000,000 to £3,600,000,000) belonging to French capitalists.

In 1860, the average number of shares in railway companies registered on each certificate was 28.33: on December 31st, 1900, it was 12.49. The number of certificates was 40,846 in 1860 and 112,026 in 1900. The number of certificates has nearly trebled, while the number of small holders of securities has more than doubled. The value of these certificates, at the prices ruling in 1900, was as follows:—

Railways.

| | | |
|----------------|-------------------------------|--------|
| Est | 12.60 shares at 1,000 fr each | 12,600 |
| Lyon | 13 | 1,500 |
| Midi | 10.52 | 1,270 |
| Nord | 13.60 | 1,930 |
| Orléans | 13.60 | 1,600 |
| Ouest | 99.38 | 1,015 |
| | | 10,087 |

¹ Société de Statistique de Paris (Séances du 19 mars, 1902, et du 18 mars, 1903.)

That is to say a maximum of 26,000 francs and a minimum of 10,000. Out of 100 shareholders, 75 owned only from 1 to 10 shares. Here we have the "financial feudalism" referred to in Socialist orations.

The bonds of the railway companies were distributed as follows:—

| | | Francs. | |
|--|--|---------------|----------------|
| 354,731 of from 1 to 24, say a capital of from | | 460 to 11,040 | |
| 137,681 | „ 25—100 | „ | 11,500—46,000 |
| 18,419 | „ 101—199 | „ | 46,460—91,540 |
| 8,869 | „ 200—499 | „ | 92,000—229,540 |
| 1,261 | „ 500 and over, say a capital of 230,000 | | |
| <hr/> | | | |
| 520,961 | | | |

Nearly 95 per cent. of the shares are the property of investors who hold a maximum number of 100 securities. The total French Government stock is divided among more than five million subscribers. The average is hardly more than 150 francs in interest, say a capital of 5,000 francs. More than 80 per cent. belongs to investors with an income of from two to fifty francs. The number of holders is more than two millions.

The Banque de France is an investment patronised by rich men. In 1870 the number of shareholders was 16,062, with an average holding of 12 shares: in 1900 it was 27,136 with an average of $6\frac{1}{2}$: at the end of 1908 it was 31,249, of whom 10,381 owned one share and 17,403 between 2 and 10.

Of 39,000 shareholders of the Crédit Foncier in 1900, 32,767 owned 10 shares or less.

The "Revue Socialiste" has stated the number of deposits in the savings banks in 1904 to be as follows:—

| Depositors' Books. | Number. | Total (francs). | Average Deposit. |
|--|------------|-----------------|------------------|
| 20 fr. or less | 3,908,800 | 43,185,306 | 11 |
| 21 to 100 | 2,191,489 | 108,632,470 | 49 |
| 101—200 | 1,009,811 | 141,596,470 | 140 |
| 201—500 | 1,405,036 | 499,950,898 | 320 |
| 501—1000 | 1,319,680 | 990,295,853 | 750 |
| 1001—1500 | 945,434 | 1,161,876,307 | 1,228 |
| 1500 and over (liable to reduction) | 980,302 | 1,507,858,170 | 1,538 |
| 1501 and over (exempt from reduction by law) | 7,220 | 30,070,181 | 4,164 |
| Totals and average | 11,767,772 | 4,433,465,059 | 378 |

It follows from these figures that these 11,767,772 depositors possess an average deposit of 378 francs, constituting a tolerably small *property* and that of these 11,767,772 *proprietors* or *capitalists* (as M. Yves Guyot or M. Paul Leroy-Beaulieu would freely call them) more than half (3,908,800 + 2,291,489) have an "average capital" varying between 2 fr. 47 and 33 centimes ("Revue socialiste").

What do these figures prove? That the savings bank does not represent a concentration of capital. It cannot, therefore, be invoked as an argument in favour of Karl Marx' thesis, but these small deposits none the less represent a sum of four milliards of francs (£160,000,000) and that is a total which is not to be despised.

Twenty-five years ago, in 1882, the savings banks had:—

| | Number of Depositors' Books. | Amount due to Depositors on Dec. 31st. |
|------|------------------------------------|--|
| 1882 | 4,645,893 | 1,802,400,000 |
| 1892 | 8,084,435 | 3,843,800,000 |
| 1900 | 11,767,772 | 4,433,400,000 |
| 1905 | 12,134,000 | 4,654,000,000 |
| 1908 | 12,828,547 | 4,976,428,000 ¹ |

One knows that the savings bank does not allow of deposits above 1,500 francs. This progress points to the increase of would-be capitalists. So far from decreasing they become more and more numerous, in spite of Karl Marx' law of concentration, which involves the "pauperisation" of the great majority. But Messrs. Rockefeller, Carnegie and perhaps two or three others are multi-millionaires. Be it so, but do they absorb a greater proportion of wealth than the great feudal lords and kings of the good old times? Quite the contrary. Therefore the alleged law of the concentration of capital is not in accordance with the facts.

¹ For this year the average deposit was 387 francs.

CHAPTER IV

REAL AND APPARENT INCOME

Regular incomes vary.—Reduction of income by fall in securities.—French Government stock.—Railway shares.—Fall in landed property.—The increase of capital not automatic.

AMONG the promoters of various taxes upon income who have put forward various proposals, not one has asked himself the simple question, "What is income, and how is it distinguished from capital?" It is repeatedly stated, for example, that the 3 per cent. paid upon stock of the City of Paris, the Crédit Foncier or the railway companies represents a security paying a fixed rate of interest. This is the established phrase. The conclusion is suggested that on the imposition of so much per cent. upon income every taxpayer knows the precise portion of the total levy which he has to bear. This may seem certain, but it is wrong, for French Government stock does not always bear 3 per cent., and railway bonds and other securities paying a fixed rate of interest pay irregular dividends.

Instead of exclaiming at the paradox let us look at the facts. I bought 3 per cent. French Government stock at the end of December, 1897, at 103fr. 10; I had to sell at the end of December, 1906, at 95fr. That is a difference of at least 7fr. 85, say an annual loss for nine years of 0fr. 87. I must therefore deduct this 87 centimes from my 3 francs of dividend, and my regular income was not 3fr., but 2fr. 13. If the Treasury imposes a tax of 4 per cent. upon my 3 francs I am paying 0fr. 12, which upon 2fr. 13, represents an actual rate of 5.68 per cent. But I may fare even worse than this. I bought 3 per cents. at 99fr. at the end of December, 1905, and sold them at the end of December, 1906, at 95fr. 25, that is at a loss of

3fr. 75. I drew a dividend of 3 francs, but this was absorbed by the loss which I sustained on my capital, to which I have to add a further ofr. 75.

Accordingly an income tax would have fallen not only upon a smaller income than the anticipated regular income, but upon a deficit as well: I sustain a loss of ofr. 75 and should have had to pay 4 per cent. on 3 francs, *i.e.*, ofr. 12, which I have to add to my loss. Because I have had the misfortune to buy stock bearing 3 francs as interest at the end of December, 1905, the State is to force me to withdraw ofr. 12 of my capital in order to pay income tax to the State, when, instead of supplying me with a dividend, it has already inflicted a loss of ofr. 75 upon me!

In reviewing other securities with a fixed rate of interest, I find that their dividend is by no means the nominal dividend upon which the tax is placed. Those who want safe investments are recommended to buy railway bonds, and quite rightly on the ground of safety; it offers a double guarantee, that of the Government, and that of the substantial character of the Company.

A woman, a widow, a workman, or a careful clerk buys a 3 per cent. bond in the "Chemin de fer du Nord" at the end of December, 1898, at the price of 478 francs. The holder wants to re-sell at the end of December, 1906, and can only recover 456 francs. The stock has brought in $15 \times 8 = 120$ francs. Deducting 22 francs, it has brought in 98fr., *i.e.* 11fr. per annum or 2fr. 30 per cent.

In order to simplify my instance I have not taken actual taxes into account. The holder of a security payable to bearer has only received 13fr. 42 instead of 15 francs, *i.e.*, 107fr. 36 in eight years, from which he must deduct 22 francs. He has therefore received 85fr. 26, *i.e.*, 10fr. 70 per annum or 2fr. 24 per cent.

Take another security of the same kind, a share in the issue of the Crédit Foncier of 1895 at the

rate of 2fr. 80. At the end of December, 1897, the price was 499fr., at the end of December, 1906, it was only 463fr., *i.e.* a decline of 35fr. The gross dividend is 14fr. In nine years it has brought in $125 - 35 = 91$ fr., *i.e.* 10fr. 11 per annum, or 2.02 per cent. But this is subject to taxation, and if we again deduct the actual tax, the holder's dividend is reduced to 12fr. 46. In nine years he has received $112\text{fr. } 14 - 35 = 77\text{fr. } 14$, yielding him 1.54 per cent. per annum. This is the dividend obtained by the holder of a share in the issue of the Crédit Foncier of 1895.

At a number of election meetings, and even in the Chamber of Deputies, the income tax is represented as an instrument destined to make railway shareholders disgorge, the shareholders being pictured as vampires which—at the expense of the public—appropriate enormous dividends.

The holders of shares in the Compagnie du Nord are among those who are thus attacked. But on examining the illusory dividends received by them from 1898 to 1906, this is what I find. At the end of December, 1898, the stock of the Compagnie du Nord stood at 2,110fr., at the end of December, 1906, it had declined to 1,775fr., *i.e.* a fall of 335fr. Now in the eight years from 1899 to 1906, inclusive, the total dividend amounted to 550fr., which, after deducting 335fr., leaves 215. The purchaser of a share at the end of December, 1895, has therefore received 26.87fr. per annum, which amounts to 1fr. 27 per cent., having regard to the purchase price. The income tax of 4 per cent. on 550fr. yields 22fr., but since the income was only 215fr., it actually amounts to 10 per cent. The holder of stock may have done even worse by buying stock at the end of June, 1900, at the price of 2,400fr., if he were forced to sell on May 30th, 1907, at the price of 1,769fr.—a loss of 631fr. Supposing that he drew the whole of the dividends from 1900 to 1906, he has received 472fr.

in dividends and his account shews a loss of 159fr. Nevertheless he has had to pay 4 per cent. upon this amount of 472fr., in addition to the lump sum assessed on the nominal capital of the securities and the annual tax of 0fr.20 upon their capital value assessed upon their average price during the preceding year, so that it is necessary to add, in round numbers, another 50fr. to his loss. This investment in a first class security has therefore resulted, not in a profit, but in an annual loss of 28fr. 50.

Take the case of an investment in real property. In some parts of Paris this class of property has depreciated 20 or 30 per cent. in less than ten years, and this should be deducted from the income. And do not upkeep, rebuilding, and improvements frequently represent several years' income?

As proprietor of an agricultural estate, am I not continually obliged to undertake building, repairs and work of all kinds? If my income from the property is 3,000fr. and I build new stables at a cost of 6,000, am I not deprived of my income for two years?

Income is only a slice of capital, cut off for convenience in accounts, but it cannot be separated from it; profit and loss can no more stop at a fixed point at the end of a year than the physiological condition of the human body can undergo a sudden change. In order to arrive at a correct statement of income, it is necessary to take into account the rise and fall in the value of capital as well as the nominal rate of interest. The examples that I have given prove that capital does not increase automatically by means of compound interest, as Socialists are pleased to assert who, instead of looking at the facts, only seek for arguments in support of their system.

CHAPTER V

THE DISTRIBUTION OF INHERITANCES IN FRANCE

Division of inheritances according to their importance
 —Analysis.—Inherited shares compared with undivided inheritances.—Decrease in the number of greater shares and increase in the number of shares less than 100,000 fr.—Number of inheritances in relation to number of deaths—Conclusions.

SINCE the Finance Law of February, 25th, 1901, the details of inheritances after deduction of liabilities, are available. Those who introduced and carried this law include a number of men who, in the absence of adequate information with regard to the previously ascertained facts, imagined that this inventory would supply them with a formidable collectivist argument in favour of the expropriation of the land, of minerals and of all the means of production and exchange.

The registry places inheritances in thirteen graduated classes, according to the total amount of their net assets. The figures for 1907 are as follows :

| | Number. | Total. |
|-------------------------|---------|---------------|
| 1 to 500 fr. | 116,323 | 27,686,273 |
| 501 „ 2,000 | 106,807 | 138,154,531 |
| 2,001 „ 10,000 | 114,695 | 562,248,134 |
| 10,001 „ 50,000 | 47,967 | 1,014,215,497 |
| 50,001 „ 100,000 | 7,703 | 532,420,963 |
| 100,001 „ 250,000 | 5,018 | 776,396,189 |
| 250,001 „ 500,000 | 1,713 | 576,962,824 |
| 500,001 „ 1,000,000 | 814 | 565,460,475 |
| 1,000,000 „ 2,000,000 | 360 | 463,766,691 |
| 2,000,000 „ 5,000,000 | 134 | 442,005,981 |
| 5,000,000 „ 10,000,000 | 33 | 234,955,717 |
| 10,000,000 „ 50,000,000 | 7 | 252,640,482 |
| Over 50,000,000 | 11 | 373,640,482 |

Total 401,574 5,461,843,339

1 Estates which have paid duty more than once are only counted once, on the occasion of their first declaration.

The small estates of from 1^{fr.} to 2,000 fr. are 223, 130 in number, *i.e.* 55 per cent., with net assets of 162 millions, *i.e.* rather less than 3 per cent. of the whole. The number of people with small inheritances is very large, while the total of their inherited property is restricted.

But 562 million francs have to be distributed among 114,695 persons in the series of estates ranging from 2,001 to 10,000 francs. This is a new series representing 28 per cent. of the number of inheritances, and 10 per cent. of the total net assets to be distributed. If one confine oneself to this series, this numerous class is a class of capitalists with a keen desire to increase their capital. Inheritances of between 10,001 and 50,000 francs are 47,967 in number, *i.e.* 11 per cent., representing 1,014 millions. If one includes the series between 50,000 and 100,000 francs, *i.e.* 9 per cent., one finds a total of 40 per cent. for the two series or 18 per cent. of the total.

If we take the large fortunes of from a million to 50 million francs, we find 534 estates, with a total of 1.231 millions, *i.e.* 22 per cent. of the total. There was no estate above 50 millions in 1907.

But these estates are divided, and if (after making allowance for charitable bequests) we compare the number of portions with the number of estates, we find:—

| | Number of Estates. | Number of Portions. |
|-------------------------------|-----------------------|------------------------|
| 5,000,000 to 10,000,000 fr. * | 33 | 12 |
| 2,000,000 „ 5,000,000 | 134 | 80 |
| 1,000,000 „ 2,000,000 | 360 " * | 231 |
| 500,001 „ 1,000,000 | 841 | 675 |
| 250,001 „ 500,001 | 1,713 | 1,766 |

Except in the last series, the number of portions is smaller than the number of estates: the estates are divided and the heirs fall back one or two

classes—a movement which is the converse of concentration. In the case of estates, however, of 250,000 francs and under the number of portions is higher than that of estates to be distributed:—

| | Number of Estates. | Number of Portions. |
|-----------------------|-----------------------|------------------------|
| 00,001 to 250,000 fr. | 5,018 | 5,378 |
| 50,001 „ 100,000 | 7,703 | 9,011 |
| 10,001 „ 50,000 | 47,967 | 58,430 |
| 2,001 „ 10,000 | 114,695 | 172,042 |
| 501 „ 2,000 | 106,807 | 272,436 |
| 1 „ 500 | 116,323 | 606,065 |

This follows from the same tendency. The division of large fortunes has driven the beneficiaries back into the lower series, so that they add to the number of portions into which the lesser estates are divided. This movement is the exact opposite to that which is alleged by Karl Marx and his followers. A comparison of the total assets of estates devolving by succession and of the amount of the portions confirms this explanation:—

| Francs. | Francs. | Total Assets. | Amount of Portions. |
|---------------------------|---------|------------------|------------------------|
| 10 million to 50 million | | 106,405,851 | 743,949 |
| 5 „ „ 10 „ | | 234,476,509 | 77,239,707 |
| 2 „ „ 5 „ | | 389,140,686 | 236,461,995 |
| 1 „ „ 2 „ | | 501,989,516 | 314,348,078 |
| 1 „ „ 500,000 fr | | 579,240,211 | 431,094,157 |
| 250,000 fr. to 500,000 fr | | 602,865,879 | 573,111,349 |

In every instance the total of the portions is less than the total of the estates. The effect of division has been to cause the amount of capital to decline class by class down to the class of estates of from 100,001 to 200,000 francs. Below this class the total capital increases in each class concurrently with the number of portions:—

| Class | Total Estate devolving by Inheritance. | Total Portions. |
|------------------------|--|--------------------|
| 100,001 to 250,000 fr. | 776,396,189 | 802,942,211 |
| 50,000 „ 100,000 | 532,420,963 | 608,641,512 |
| 10,000 „ 50,000 | 1,014,215,497 | 1,181,532,663 |
| 2,001 „ 10,000 | 562,248,134 | 798,884,437 |
| 501 „ 2,000 | 135,161,531 | 304,229,841 |
| 1 „ 500 | 27,686,273 | 111,728,211 |

Of the total estate, the large fortunes of more than a million are 22 per cent., and the portions 11 per cent. The portions of less than 100,000 are 55 per cent., and those of between 100,000 francs and a million are 33 per cent. The amount of the large portions of more than a million is therefore 12 per cent. of the total.

In 1854 the number of estates was 438,905, the number of deaths being 859,000, i.e., 51.11 per cent. In 1874, the figures are 500,311 and 816,000 respectively, a percentage of 61.43; and in 1900, 534,000 and 854,000, a percentage of 62.60. Since this date, the mortality has always been less than 800,000. Since the law of February 25th, 1901, only one statement is made for each estate, so that no comparison is possible; nevertheless, the percentage of estates to deaths is 60.30. And it is necessary to take into account children, minors and persons who have made gifts *inter vivos* either by deed or by delivery.

In a speech delivered on June 14th, 1906, M. Jaurès said, "400,000 estates pass by hereditary succession, but the number of deaths is eight or nine hundred thousand annually." His conclusion is that one half of those who die have no assets, since their death has not caused the distribution of an estate by hereditary succession. And there are those who, in order to escape the duty of registering their estate, conceal the amount which they could leave by gifts made by delivery *inter vivos*. Such gifts remain unknown, but an addition should be made to the

total assets of the smaller estates, although no figure can be stated.

The registry of estates estimated the total voluntary transfers of property *inter vivos* at 1,038 million francs. A number of these are legacies by anticipation; they are therefore also to be added to the value of inherited estate in order to arrive at the figures of private property in France.

The addition of 200,000 deaths of minors and of 105,000 transfers *inter vivos* to the 400,000 inherited estates gives a total of 700,000. So far from one-half of the persons dying leaving no estate, the number should be less than 8 per cent., and of these a number have succeeded in leaving estate without declaring it. This is of no consequence; in 1907 there are 401,000 estates and 830,000 deaths, but how many portions do these estates represent? The number of portions is 1,124,000, so that there are more beneficiaries than there are deaths, a fact which is not at all surprising.

According to the figures, there are 93 per cent. whose portions do not exceed 10,000 francs. Possibly if it were proposed to distribute among them the funds of the 323 proprietors of portions exceeding a million a number of them would accept the offer without troubling themselves about the legitimacy of such a division, or would find pretexts for justifying it. But if it were proposed to the same individuals that they should pay their portions of 200, 2,000, 5,000, or 10,000 francs respectively into the common exchequer they would exclaim against the robbery, and would defend their property with the most ferocious heroism. They are quite willing to receive, but unwilling to give. In order to ensure their paying taxes, they have to be deluded by "being made to pay without realising it." This deep-seated feeling for individual property, extending itself day by day by reason of the increase of individual owners of property, is the reason why there is no future for collectivism, a word which

merely serves to amuse one category of simpletons and to terrify another, playing the same parts as the words "Paradise" and "Hell."

The conclusions which follow are therefore :—

- (1). That owners of small capital and properties are the majority in France.
- (2). That small fortunes and fortunes providing a small competence constitute about two-thirds of the whole.
- (3). That there is no future for collectivism, inasmuch as every capitalist or proprietor is quite willing to receive, but no one is willing to surrender, his heritage to the common exchequer.

Karl Marx put the question of the concentration of capital in the following way : Capital will become concentrated in a small number of hands : the old middle-classes, men of business and men of independent means, artisans and peasants will all decline into the proletariat (Communist Manifesto, Art. 18). This assertion would be correct if there were less individuals who take a share in property devolving by inheritance than there were in 1847, the date of Marx' Manifesto. The sub-division of transferable securities and the increase of small deposits in the savings banks justify us in saying without temerity that there are more individuals with a share in property than there were sixty years ago, and consequently that the facts contradict Marx' prophecies.

CHAPTER VI

THE DISTRIBUTION OF LANDED PROPERTY IN FRANCE

- i. M. Jaurès—"Ownership of small properties is a legend."—Number of properties.—Number of proprietors.
- ii. Extent of the various classes of properties.—Small properties, 36 per cent. of land available for cultivation.
- iii. Agricultural inquiry of 1892.—Agriculture on a large scale only preponderates in forestry.
- iv. Distribution of individuals engaged in agriculture.
- v. The peasant proprietors and the farmer.—M. Briand—Advantages of the farmer.

I

On November 21st, 1893, M. Jaurès exclaimed "Ownership of small properties is a legend. Of the seven millions of workers scattered over our soil there are hardly 1,500,000 who own their own land, and by their side are 800,000 farmers, 400,000 small farmers, two millions of farm labourers and two millions of day labourers." These assertions are drawn from statistics to which M. Jaurès would not find it easy to refer. The facts are as follows.

The number of assessments for taxation of land unbuilt upon is:—

| | |
|------------|------------|
| 1883 | 14,233,000 |
| 1893 | 14,009,000 |
| 1906 | 13,408,000 |

The number has decreased by about 4.9 per cent., a decrease which is due in great measure to the reduction in small properties effected by the law of 1897, which suppressed a certain number.

The number of assessments of land built upon has undergone an insignificant decrease:—

| | |
|------------|-----------|
| 1883 | 6,558,000 |
| 1893 | 6,556,000 |
| 1906 | 6,452,000 |

The number of assessments does not indicate the number of owners. According to the inquiry in 1851-1853 there were 7,845,000 owners for 12,445,000, or 63 per cent. A most complete inquiry into the valuation of properties unbuilt upon, made between 1879 and 1883, under the able direction of M. Boutin, exhibits the following proportions :—

Number of assessments 14,234,000

Number of owners 8,454,000

The proportion is as follows :—

Per 1,000 inhabitants 234

Per 1,000 households 849

Per 1,000 properties 594

Admitting the number to have been reduced by 5 per cent., there remain more than eight million owners and 800 per thousand households, or a proportion of 80 per cent. of owners of property in land. A French family consists on an average of four individuals, so that we have 34 million direct or indirect owners of property in land unbuilt upon. We exclude the number of owners of land containing buildings in order to escape the charge of needless repetition, although a number of them only own one property, but we do not include them. It follows that 8 individuals out of 10 are in occupation of land.

II

A deduction must be made from the 52,857,000 hectares which represent the area of France, of State and municipal lands, which are not taxable, highways, roads, public squares, cemeteries, public buildings, rivers and lakes, and of the State forests occupying an area of 998,000 hectares, say a total of 2,822,000 hectares. This leaves 50,035,000 hectares, from which are to be deducted about 200,000 hectares of land covered with buildings, to which we propose to return, and 105,000 for railways and canals. What proportion of the

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total area is occupied by agricultural properties? The following list shews their sub-division according to the manner of cultivation:—

| | Hectares. |
|--|------------|
| Orchards, hemp-fields and gardens | 695,929 |
| Arable land, ponds, plantations, land covered with buildings, pieces of water, canals, nurseries and railways | 26,173,657 |
| Meadow and grass land | 4,998,280 |
| Vineyards | 2,320,533 |
| Woodlands | 8,397,131 |
| Moorland, pastures and other land not under cultivation | 6,746,855 |
| Agricultural land not included in the above classification | 702,819 |
| Total | 50,035,159 |

The distribution of property according to the size of the holdings, as ascertained by a survey made in 1884, and excluding 7,000 hectares in Paris and about 629,000 hectares in the communes of Corsica, Savoy and Upper Savoy which are not yet surveyed, is as follows:—

| Class of Holding. | Area in hectares. | No. of holdings. | |
|-------------------|-------------------|------------------|-------------|
| | | Actual No. | Percentage. |
| (a) Quite small | Less than 2 | 10,426,368 | 74.09 |
| (b) Small | 2 to 6 | 2,174,188 | 15.47 |
| (c) Moderate | 6—50 | 1,351,499 | 9.58 |
| (d) Large | 50—800 | 105,070 | 0.74 |
| (e) Very large | Over 200 | 17,676 | 0.12 |
| Totals | | 14,074,761 | 100.00 |

Nine-tenths of the holdings are less than six res, three-quarters are less than two. A detailed examination shews 2,670,000 holdings of between 20 and 30 ares; 2,482,380 of between 20 and 50, and 1,987,480 of from 50 ares to one

hectare, *i.e.* 8,853,000 holdings or 61.14 per cent. of holdings of less than one hectare in proportion to the whole.

| Class of Holding. | Area in hectares. | Total area in hectares. | Percentage. |
|-------------------|-------------------|-------------------------|-------------|
| (a) Quite small | Less than 2 | 5,211,456 | 10.53 |
| (b) Small | 2 to 6 | 7,543,347 | 15.25 |
| (c) Moderate | 6—50 | 19,217,902 | 38.94 |
| (d) Large | 50—200 | 9,398,057 | 19.04 |
| (e) Very large | Over 200 | 8,017,542 | 16.23 |

An analysis of the smallest holdings of less than one hectare discloses :—

| Area in ares. | Total Area. | Percentage. |
|-----------------|-------------|-------------|
| Over 10 | 108,331 | 0.22 |
| 10 to 20 | 213,789 | 0.43 |
| 20 to 50 | 825,784 | 1.66 |
| 50 to 1 hectare | 1,426,785 | 2.88 |
| Total | 2,574,588 | 5.19 |

III

The Socialist argument is based upon the existence of numerous small properties and of a small number of large proprietors owning the greater part of the soil. Large properties of more than 50 hectares occupy 17,400,000 out of 50,000,000 hectares, *i.e.* 34 per cent.

After indulging for a long time in recriminations against the sub-division of property, the public now exclaim against the dangers of large properties. From the total of large properties one has to deduct :—

- (1) Property of departments and communes (public property).
- (2) Property wholly or partially subject mortmain.¹

¹ The ownership of the property of churches and religious congregations has changed, but not the properties themselves.

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The extent of these is as follows :—

| | hectares |
|--|-----------|
| Property of Departments | 6,513 |
| Property of Communes | 4,621,450 |
| Hospitals | 190,122 |
| Ecclesiastical property, seminaries and convents | 48,271 |
| Eleemosynary and charit- able institutions | 38,022 |
| Religious congregations... | 20,423 |
| Railway Companies (as re- gards such of their property as belongs to them exclusively) and other companies | 84,760 |
| | 381,598 |
| Total | 5,009,061 |

The figure of 50,035,000 is therefore reduced by (in round numbers) 5,000,000, leaving a total area of 45,000,000 hectares. This deduction almost exclusively affects the large properties, whose extent being 17,400,000 hectares is therefore reduced to 12,400,000. But woodlands occupy an area of 8,397,000 hectares apart from the million hectares of State forests, and moorland and other and not under cultivation occupies an area of 5,746,000—a total area of 15,213,000 hectares. Deducting this from the total of 50 million hectares, we obtain 35 million. Woods and moorland are a considerable element in large properties, and are a negligible quantity in the small ones. As compared with the 35 million which are actually productive, we have :—

| | |
|---|------------|
| (a) Quite small holdings (0 to 2 hectares) | 5,211,000 |
| (b) Small holdings (2 to 6 hectares) | 7,549,000 |
| | 12,760,000 |

Small holdings are therefore 36 per cent. of the total area of arable land, meadows, vineyards, gardens, etc.

These figures can be checked by the agricultural survey of 1892, which should have been revised in 1902, but was neglected because so many statesmen and legislators are as frightened of statistics as bad men of business are of a balance-sheet. The small rural properties of less than 10 hectares number 4,852,000 out of 5,700,000 and occupy an area of 11,626,000 hectares. The 711,000 properties of from 10 to 40 hectares occupy 14,312,000 hectares, while the 138,000 properties of more than 40 hectares occupy 22,492,000. But the latter include 5,827,000 hectares of woods and forests and 3,913,000 of moorland, while the properties of from 10 to 40 hectares include 1,567,000 hectares of woods and forests, and 1,367,000 of moorland, giving a total of 7,324,000 hectares of woods and forests and 5,278,000 of moorland. The small properties only contain 1,107,000 hectares of woods and forests and 945,000 of moorland. A deduction of 12,700,000 hectares must therefore be made from the 36,800,000 hectares occupied by large and moderate-sized properties, leaving 23,800,000 hectares occupied by properties of less than 10 hectares.

According to the assessment of 1879-81 the value in the market of woods was 745 francs a hectare, and of moorland 207 francs, while the value of arable land was 2,197 francs and of meadow land 2,961. The agricultural survey of 1892 (p. 359) shows that the relative distribution of various kinds of cultivation (including woods but excluding moorland) was as follows:—

| | per cent. |
|--|-----------|
| Large properties (over 40 hectares) | |
| woods | 67.92 |
| Small and moderate-sized properties | |
| (under 40 hectares) arable land | 60.82 |

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| | per cent. |
|---|-----------|
| Small and moderate properties (under 40 hectares) meadows | 68.90 |
| Small and moderate properties (under 40 hectares) vineyards | 68.96 |
| Small and moderate properties (under 40 hectares) gardens | 76.73 |

It was thus only in the large properties that the woodlands predominated. The number of large agricultural properties, localised in certain departments, had decreased from 1882 to 1892 from 142,000 to 138,000; the number of quite small ones had risen from 2,168,000 to 2,235,000 and from 1,083,000 hectares to 1,327,000. The average area of each had increased from 0.50 ares to 0.59—an increase of nearly one-fifth, and this increase was observable in 60 departments out of 87. In nearly all the departments North of the Loire and down the left bank of the Rhone as far as the Isère the areas of small and moderate-sized agricultural properties had increased during this decennial period. An inquiry made by order of the Ministry of Agriculture in 1908-1909 shewed that the number of small owners increased in 42 departments, diminished in 13, and remained the same in 17.

IV

The agricultural survey of 1892 shewed that agricultural properties were held as follows:—

| | 1882 | 1892 |
|--|-----------|-----------|
| Occupiers cultivating their own land exclusively ... | 2,150,000 | 2,199,000 |
| Occupiers who are tenant farmers | 1,374,000 | 1,203,000 |
| | 3,525,000 | 3,387,000 |

The number of tenant farmers has decreased, while the number of occupiers cultivating their own land exclusively has increased. The statistics

of the census of 1901 give the number of independent cultivators of agricultural properties as having increased from 3,086,000 in 1896 to 3,469,000 in 1901. The survey of 1892 numbers 7,200,000 separate undertakings; a number of farmers and tenant farmers therefore cultivate two or more undertakings or properties.

M. Augé Laribé, a Socialist, who is the author of a book on vine-growing in the South of France, concludes that "on all points we find ourselves in the presence of contradictions and uncertainties."¹ We should be all the more anxious to congratulate him upon this admission seeing that Socialists have not accustomed us to ~~so much~~ modesty.

M. Briand says²: "The ownership of his land is necessary to the agriculturist, and such ownership alone will protect him against his misfortunes." But the Socialist idea, is the abolition of land as the property of the agriculturist, so that M. Briand in submitting the idea of peasant proprietorship is setting up an idea of political conservatism. Nevertheless he is mistaken if he believes that all the cultivators of the soil are anxious to possess their "instrument of labour." Mr. Winfrey has given an account³ of an attempt at a home-colony which was made for fifteen years in the counties of Lincoln and Norfolk. He placed allotments of land, amounting in 1894 to 1,384 acres, at the disposal of a number of agricultural labourers. He reports that in order to save their small capital and to turn it to the best account they would rather rent their allotments than buy them.

Arthur Young, an English agriculturist, who studied agriculture in France from 1787 to 1789,

¹ "La Viticulture industrielle," 1907, Giard et Brière, édit.

² Discours de Roanne, 24 juin 1906.

³ At the fifth congress of the International Co-operative Alliance.

said of his own countrymen at that time that any of them who possessed £200 "did not buy a piece of land, but rented it and equipped a good farm with the money." Except in certain parts of the country, where cultivation on a small scale is rendered necessary by the nature of the soil or of what it produces, a French peasant with a piece of land worth such a sum finds it in his interest to sell it and devote the proceeds to the purchase of live stock, plant and improvements, and to rent a piece of land containing 20 or 30 hectares, instead of contenting himself with the two or three hectares which are the equivalent of such a capital sum. He can find an owner who will entrust him with a piece of land worth ten times the amount of his capital.

There is no other industry in which a capitalist on a small scale can obtain an investment of the same extent and with so small a liability. A farmer with method, good health and good management, and a wife with the same qualities, can bring up a family in conditions which are greatly superior than those which would have obtained had he been content with the piece of land of which he was originally the proprietor.

In spite of these advantages to the farmer, neither properties nor agricultural undertakings have tended to become concentrated in France, while German Socialists have been constrained to admit that the same observation holds good in their own country.

CHAPTER VII

MARX' PRINCIPLES AND SMALL PROPERTIES

The ideal of collective production and the peasant.
—Lafargue and Guesde disown the programme of the
Havre Congress—Engels protests—Liebknecht and
Bebel abjure the collectivist doctrine.—Accusations
of Schippel and Kautsky—Inconsistency of M.
Jaurès.

THE supporters of the doctrines of Marx in their purest form display the nonchalance with which they put aside their "scientific doctrines" when they are inconvenient. M. Werner Sombart puts the difficulty in this way, "Ought submission to the ideal of collectivist production, which depends upon production on a large scale, to be imposed upon modifications of that principle for the benefit of the small farmer?"

The programme of the Havre Congress of 1880, drawn up by Karl Marx, proclaims the "return to collectivism of all the means of production." But three years later, Guesde, who was responsible for the adoption of this programme, and Paul Lafargue, who was Marx' son-in-law, and had introduced it, abandoned it, considering it inconvenient on political grounds, and set out upon the conquest of the small proprietor. "The Socialist party," they said, "far from depriving him of his land, will guarantee his possession." Forgetting that Marx had incessantly repeated that "Society can only be reformed by the destruction of private property," they obtained the adoption of an agrarian programme at the Marseilles Congress in 1892, based upon the ownership of small holdings, a result which was aggravated by the fact that Liebknecht was present and took part in this recantation. Engels was angry and wrote that "ownership of small holdings must necessarily be destroyed and annihilated by the development of

capital. Whosoever desires to maintain it in a permanent form, sacrifices the great principle and becomes a reactionary."¹ He reproached the French Socialists with adopting an appearance of disloyalty by seeming to promise the peasants that which they were unable to perform. Bebel proclaimed that if the peasant claimed to remain an owner, it only remained for him to desert to the antisemitic camp. The German Socialist party nevertheless decided upon a grand inquiry, as the result of which they published, on July 16th, 1895, a programme which "had nothing in common with the abolition of individual property and, on the contrary, would have the effect of ameliorating the condition of the owners of agricultural land."

The question became acute at the Breslau Congress. Bebel, like Liebknecht, was carried away by political considerations; they abandoned collective property in favour of small peasant proprietorship. They were opposed by Kautsky and Dr. Schippel, who said, "Does not the Erfurt programme declare that ownership of small properties is doomed to destruction, and yet you promise to extend it and to continue those who hold it in their possessions?" Mme. Zetkin exclaimed, "The interest of the party requires the peasants to join the proletariat, however painful to them the operation may be. Since Marx has demonstrated that, in accordance with the fatal law of capitalistic evolution, the peasant's destiny is to descend the steps of the ladder of misery, why give him doses to fortify him on his way?" Dr. Schippel denounced the supporters of the agrarian programme as rope dancers, charlatans and makers of snares for yokels. But the point was to win votes for the elections. Kautsky condemned the programme of the agrarian committee in the light of the gospel of Karl Marx. Such and such an

1 Bourdeau, "L'Evolution du Socialisme," p. 297.

article was contrary to such and such a paragraph of the "Communist Manifesto," or such and such a chapter of "Capital." He carried a declaration against the system of individual landed property by a majority of 158 votes to 63,¹ but accepted an additional provision in these terms: "The Congress recognises that agriculture requires to be regulated by special laws differing from those which regulate industry." It is necessary to study and dwell upon these laws, but this particular incident is not calculated to reassure small owners. The doctrine is a communistic one and the qualifications by which certain Socialists seek to attenuate it in particular circumstances or with regard to some particular class are mere political trickery. The owners of small properties are almost everywhere suspicious. They would not object to the expropriation of others for their benefit, but they have no desire to cast their own possessions into a common abyss from which they would be certain never to recover them.

As for M. Jaurès, he stated in 1893 that the "ownership of small properties is a legend." Later, he showed a good deal of tenderness for small "peasant proprietorship," although in 1901 he denounced it in these words: "The hour is drawing near when no one will be able to speak to the country of the maintenance of individual property without covering himself with ridicule and at the same time branding himself with the mark of an inferior intellect."¹ On June 14th, 1906, he was obliged to recognise that "property has taken hold of the democrats in every fibre," and, he might have added, of the Socialists as well.

1 "Études socialistes," p. 161.

CHAPTER VIII

LIMITED LIABILITY COMPANIES

Multiplication of capitalists—Two advantages—¹31,799 holders of preference shares in the United States Steel Corporation—"Shirtsleeves"—Opponents of Socialism in the United States.

WE have seen that Herr Bernstein, far from looking upon limited liability companies as instruments of confiscation, considers them as means for the distribution of capital. Mr. Flint says that¹ the large industries were formerly in the hands of a small number of people and were confined to a few families; nowadays they are greatly divided. "There are a hundred times as many people interested in our industries now as there were 25 years ago, and there probably will be at the end of another 10 years a hundred times as many more. So these interests are being more widely distributed."² Mr. Schwab, who was a director of the United States Steel Corporation, and began life as a workman, has proved by force of example that capitalism is accessible to all. The securities issued by the trusts associate the multitude of holders with them in their success, and, far from adding to the number of the proletariat, increase the number of capitalists.

There are two great advantages in limited liability companies: they enable individuals to embark upon enterprises which they could not attempt with their own capital, and they limit the possible loss of their subscribers. They stand for industrial democracy.

There are few businesses in which it is possible for an individual to make an advantageous investment with 100 francs. If he buys a share or a bond, he can obtain a good profit from it, with a

¹ "United States Industrial Commission," vol. xiii., p. 32.

² Ibid, vol. xiii., p. 91.

prospect of a rise in value if he has made a good selection. The big companies do not confirm Marx' law of concentration, for so far from calling members of 'the proletariat into being, they multiply the number of capitalists.* In 1903 there were 31,799 holders of preference shares in the United States Steel Corporation. The Americans, instead of considering that they prevent each individual from attaining to wealth, say that there are only three generations between shirt sleeves and a fortune.¹

The "Wall Street Journal," in examining the form taken by Socialism in the United States, after a careful investigation enumerates the following classes of persons as being opposed to it:—²

| | |
|---|------------|
| National Bank stockholders | 318,735 |
| Stockholders in other banks (estimated) | 300,000 |
| Stockholders in railroads | 327,000 |
| Stockholders in industrial companies (estimated) | 500,000 |
| Owners of farms | 5,739,657 |
| Manufacturers | 500,000 |
| Wholesale merchants | 42,000 |
| Bankers and brokers | 73,000 |
| Savings bank depositors | 7,696,229 |
| <hr/> | |
| Total ... | 15,496,621 |

Undoubtedly, says the "Wall Street Journal," the classes in this list overlap to some extent. The farmer may be a shareholder in a bank or a railway. Be it so, but making a deduction of five millions, there remain ten million individuals with large or small interests in these different forms of property. These ten million individuals represent families which may be estimated to average five persons. Thus we have 50 million individuals,

¹ "Socialism," being Notes on a Political Tour, by Sir Henry Wrixon, late Attorney-General of Victoria, 1896.

² Reproduced by the Journal of Commerce of New York, January 30th, 1906.

i.e. 60 per cent. of the population of the United States, who are of necessity opponents of Socialism, and among the most refractory and the least amenable are to be found nearly all the women.

CHAPTER IX

CARTELS AND TRUSTS

- i. Cartels only applicable to certain industries.
- ii. American trusts according to M. Paul Lafargue—"Abolish competition and substitute a methodical organisation for anarchy"—Definition of a "trust"—The anti-trust law—Financial organisation of the trust—Preferred stock and common stock—Overcapitalisation and competition—Real and apparent capitalisation of trusts—Depreciation in 1903 and 1904—Goodwill—"The tariff is the father of the trusts"—The tariff and the profits of the trusts—The trusts have not destroyed competition—Competition within the trusts—Conclusions.

I

THE followers of Marx are full of admiration for cartels and trusts: they assert that they abolish competition and that they are thus instruments of socialistic politics; that, by concentrating industries within a few large organisations, they facilitate the absorption of private capital in collectivism; and that, finally, by their example, they teach the methods which collectivist society will have to follow in order to organise its methods of production.

Neither cartels nor trusts are applicable to every industry.¹ On November 27th, 1907, M. Posadowski compiled a list of the industries in which their action was effective, viz., the mining, metallurgical and chemical industries, paper-making, sugar-refining and sale of alcohol, pottery, cement, glass works on the Rhine and in Westphalia and plate-glass manufactories.

Most of these industries only supply raw material or articles for consumption, one seldom finds cartels or trusts which sell finished products direct to the consumer.

II

Socialists have naturally claimed the American trusts as a justification of the "Communist Manifesto." M. Paul Lafargue is full of enthusiasm for them, not on this account only, but principally "because they suppress competition and substitute a methodical organisation for the anarchy which prevails in capitalist production."

Now the facts shew the exact opposite. The Anti-Trust Law of 1890 defines trusts as follows²:

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations.

But the Anti-Trust Law is not easily applicable because the majority of trusts, far from restricting industry or commerce between different States, has developed them. As regards foreign nations, it is not the trusts that restrict commerce with them, but the protective tariff.

Mr. James Lee, President of the Pure Oil Co., defined a trust before the Industrial Commission in the following terms: "A trust is a corporation

¹ Arthur Raffalovitch, "Trusts and Cartels." See also La collection du Marché financier.

² For the law on the subject, see "Trusts, Pools, and Corporations," edited by William Ripley, 1908.

or combination of corporations intended to create and maintain a monopoly in any industry.”¹ Mr. Archibald, Vice-President of the Standard Oil Co., replies that “under the definitions there are no trusts.”

The establishment of a trust is composed of two groups: (1) a promoting body, more or less nominated by some particular promoter, and (2) a financial body which supplies the purchase price of the properties which are to be included in exchange for preferred shares and common stock. The bonus is at least equal to the preferred shares. The holders of common stock have no privileges and only receive interest with the consent of the holders of preferred shares. The common stock represents the intangible assets, the goodwill, the power of the trust to make profits, and no one conceals the fact that this is watered capital. Although there was for several months a period of unprecedented prosperity in the United States, with prices greatly inflated, common stock has almost invariably produced more disappointments than dividends. Out of seven or eight combinations, only one from time to time makes an allotment to the holders of common stock in order to maintain or to raise its market price. Both the promoters and the administrators of trusts agree that the inflation of capital does not affect the shareholder; all that matters to him is the income. Now, such inflation denotes a decrease in the return upon capital or an increase in the outlet for it. Mr. Flint states that inflations have given experience to the public and have prevented the banks which have abused the practice from continuing their operations. The resultant economic intervention of competition is that the capitalist institutes a comparison between the different instruments which are open to him and decides

¹ United States Industrial Commission, vol. xiii., p. 668.

upon that which appears to him the most advantageous. The whole of that portion of the capital of the trust which is based upon anticipations or hopes is unlimited except by the prudence of capitalists. Consequently it is an error to attempt to compare the capital of the trusts with the total wealth of the United States—an error into which M. Lafargue does not fail to lapse.

The census has estimated the value of the trusts, under the title of "combinations," which are defined as follows: "An industrial combination consists of a number of formerly independent mills which have been brought together into one company under a charter obtained for that purpose."¹

On June 30th, 1900, there were 185 "combines" with a total authorised capital of \$3,619,038,000 distributed as follows:—

| | |
|------------------|---------------|
| Bonds | 270,127,000 |
| Preferred shares | 1,259,540,000 |
| Common stock | 2,089,371,000 |

In the following years down to 1903 there was a considerable development of trusts, such as the United States Steel Corporation, the International Mercantile Marine Company, and others.

M. Paul Lafargue has obtained the figures for his pamphlet from a small work published by Mr. Moody in 1903. I take mine from a work published subsequently to Mr. Moody's, entitled "The Truth about the Trusts," of which the author is an ardent admirer. The figures are:—

| | |
|-----------------------------|-------------|
| Number of industrial trusts | 318 |
| Number of concerns | 5,300 |
| Capital | \$7,246,000 |

The industrial trusts formed prior to January, 1898, represented a capital of \$1,196,000,000; those which were formed subsequently to that date, a capital of \$6,049,000,000. Ten trusts have each a

¹ Census 1900. Census Reports. vol. vii (manufactures, part i.), p. lxxv.

capital of \$100,000,000 or more. The seven largest have a total capital of \$2,662,000,000, of which the United States Steel Corporation has \$1,370,000,000, or about one half. Thirty trusts have a total capital of 50 million dollars, and 129 trusts a capital of ten million. But according to the census of 1900, common stock represented 65 per cent., and the proportion has certainly not diminished, so that \$4,700,000,000 must be deducted from the total of \$7,245,000,000. Mr. Moody adds the following figures:—

- Local concessions, gas, tram-ways, water (103 in number) \$3,105,755,000
- Railways (comprising 1,040 original companies) \$9,397,363,000

The conclusion he arrives at is that the whole of the "combines" represent 8,604 original companies, and a capital of \$20,379,000,000. He adds, with regard to the capital of the seven largest trusts, that their capital is \$2,662,000,000, while their market value (in 1904) is \$2,278,000,000, a decline of 384 million dollars.

Mr. Pierpont Morgan's "combines" represent \$1,540,000,000 or 60 per cent. of the total capital of the seven largest trusts. At the market price (in 1904) they were only worth \$820,000,000, or less than 37 per cent. of the total market price of \$2,278,000,000.

The Shipbuilding Trust began with a capital of \$3,278,000; when it was reconstructed, it was reduced to \$1,450,000, i.e., a reduction of 55 per cent.

The "Wall Street Journal," on October 23rd, 1903, published a list of a hundred trusts, with a total capital of \$3,693,000,000, which would have obtained a price of \$490,000,000 on the market, and recovered sufficiently to be valued at \$2,336,000,000, a decline of \$1,357,000,000 or 43.4 per cent from the price at the time of the boom.

The capital of the United States Steel Corporation was \$1,370,000,000. Mr. Carnegie was paid \$447,416,000 in shares for his concerns, which had brought in six million dollars in 1896, seven million in 1897, eleven and a half million in 1899, and twenty-one million in 1899, which was an exceptional year. The Steel Corporation issued shares and bonds to the amount of \$1,297,000,000, in exchange for shares and bonds bought for \$894,988,000, an inflation of 45 per cent. The apparent values represented 25 per cent., the mysterious values 75 per cent. According to the census of 1890, \$414,000,000 were invested in the metallurgical industry. The capital has increased regularly by 46 per cent., and should have been 600 million dollars in 1900. The trust which only represents 40 per cent. of the total capital was formed with a capital of more than 100 per cent. in excess of the total capital nominally required by the industry.

People form wild illusions as to the wealth of the trusts. A great part of their capital is based upon the hope of goodwill, its only merit being in the foresight or the expectations of capitalists. It is therefore a mistake to make a comparison between the capital of the trusts and the total wealth of the United States.

In an affidavit made in the summer of 1902, Mr. Schwab estimated at 11,000 million dollars the value of the ores, coal, natural gas and limestone belonging to the Corporation. What is the value of the ore. If it represents the whole of the ore of the United States, it is enormous; if it represents 65 per cent., as is suggested, it is not so large; and if only 30 per cent., it is still less.

In spite of its unprecedented industrial activity, the capital value of the Steel Corporation of 1,370 million dollars had fallen in 1904 to 760 million.

The year 1906 was an exceptional year every-

where. The preferred shares issued in March 1902 at \$92 $\frac{1}{2}$, fluctuated between 102 and 117; common stock issued at \$42 $\frac{1}{3}$ fell as low as 33 $\frac{3}{8}$ and rose as high as 52 $\frac{1}{8}$. In August, 1907, there was a heavy decrease in orders. The railways always need rails, but have not always the funds to pay for them. The corporation's enterprise has, therefore, passed through various vicissitudes and is likely to encounter others. On September 30th, 1907, the preferred shares stood at 90 $\frac{7}{8}$ and the common stock at 27 $\frac{1}{2}$.

Is such a concentration necessarily deducible from economic evolution? Has it not been provoked and hastened by the intervention of the State? Mr. Hamevayer, President of the Sugar Trust, says frankly, "I doubt whether we could venture to form the trust if it were not for the tariff. The tariff is the father of all the trusts." And Mr. Carnegie exclaimed in an enthusiastic moment of sincerity, "Protection is the American revenge for the high-handed acts of the Alabama. We have had thirty years of protection at 30 per cent. Without protection we could do nothing." Mr. Schwab, at that time a director of the Steel Corporation, said before the Industrial Commission: "If you take the case of rails or tinplate and the highly finished articles in which labour forms a very important element of cost, and remove the tariff, you lose the trade or you reduce your labour."¹

According to Mr. David Wells in 1880, the capital employed in the iron and steel industry amounted to 341 million dollars. From 1878 to 1887 the consumers of the United States have paid 560 million dollars more for iron and steel than they would have paid if there had been no protective tariff, so that they have paid 60 per cent. more to the iron and steel owners than the amount of

¹ United States Industrial Commission, vol. xiii., p. 456. See also "The Tariff and the Trusts," by Franklin Pierre (1907).

capital employed by them. Mr. Byron W. Holt, of Boston, in 1902, attributed 76 millions out of the 111 millions of profits¹ of the United States Steel Corporation to the tariff. Otherwise they would not have exceeded 35 millions, of which the requirement of bond holders, after the conversion of 200 millions of preferred shares into bonds, would have absorbed 25 millions. There would thus have remained only 10 millions to pay interest upon 600 millions of share capital.

Can the trusts be said to have destroyed competition? Not a single one absorbs the whole of production. According to Mr. J. Moody, of the 92 large trusts, 78 absorb 50 per cent. and more of production, 50 absorb 60 per cent. and more, and 26 absorb 80 per cent. and more.* The Standard Oil Company itself only controls 84 per cent. of the home and 90 per cent. of the foreign consumption. The United States Steel Corporation has not destroyed the metallurgical enterprises of the United States, far from it; they have always been on the increase. Enterprises which are not burdened with the financial dead weight which the trusts have to drag, are able to compete with them. At the beginning of 1892 the lead trust owned all the concerns in the United States, except two. In 1894 the independent concerns produced as much lead as the trust, and their capital was two million dollars as compared with the thirty millions of the trust.

Competition is the check upon the trusts. Mr. Chapman, a banker, states the principle of their policy as being that "he is going to get all he can, but he must be careful, because if he raises the price too high, in comes competition. To keep out competition, he must reduce his price, and keep the

¹ For the details, see Yves Guyot, "United States Steel Corporation," *Journal des Economistes*, November, 1902.

margin between cost and selling price just as low as he can."¹

It is freely stated that a trust can sell at a loss in order to ruin a competitor. But if its operations are extended, can it sell at a loss in every market in order to annihilate a competitor everywhere? Its losses would be in proportion to the amount of its business. Not only do the trusts fail to suppress competition on the market, they make it the motive force of their internal economy. When Mr. Hadley says that there is very little difference between the administration of trusts and of public affairs, he makes a mistake of fact. In the first place, there is only one policy in the trust, to increase business in order to increase profits. Now a government or a municipality are occupied with other aims. There are the political interests of influential supporters to satisfy, as well as party rivalries, which have to be taken into account, and which frequently force an administration, however intelligent it may be or however good its intentions, to take precisely the opposite course to that which would be necessary in order to attain its object. This is a fundamental distinction. And no State has yet succeeded in establishing a method of promotion in its services which entirely ensures the predominance of the most capable and excites the emulation of all. Trusts, on the other hand, are organised on a competitive basis. In the United States Steel Corporation, each of the concerns is autonomous, and the directors are frequently animated by a spirit of particularism, each striving to do better business than the others. If they have to hand over particular products of their manufacture to a concern belonging to the same trust, so far from making a present of it, they insist on selling it at the best possible price. The trust is in fact a federation of companies, its committee of

¹ United States Industrial Commission, vol. xiii., p. 107.

management constituting a clearing house for the mutual exchange of information.

There is thus no comparison with the compressed and centralised administration existing in a government monopoly. The following points should be noted:—

- (1). The trust is an artificial concentration, resulting from financial combinations, and only rendered possible, in almost every case, by the existence of a protective tariff.
- (2). Substantial firms are only induced to come into the trusts by the offer of excessive premiums.
- (3). The capitalisation of the trusts, which is to some extent artificial, is far from representing the proportion of the wealth of the United States attributed to it by M. Paul Lafargue.
- (4). The over-capitalisation of the trusts is limited by the competition of the market.
- (5). The price of their products is limited by the prices of their competitors, for no single trust has acquired a complete monopoly.
- (6). The principle upon which the trusts are organised is the competition of their component organisations.
- (7). For these reasons there is no similarity between trusts and State or municipal monopolies.

I have only examined trusts from the point of view of Marx' theory of the concentration of capital. They do not confirm it.

We may admit the existence of preferential rates, such as those obtained by the Standard Oil Company from the railway companies, but this only proves that the company has committed acts which can be successfully attacked by a legislation of an individualistic and not a communistic type.

BOOK V

THE DISTRIBUTION OF
INDUSTRIES

CHAPTER I

MARX' THEORY AND THE CONCENTRATION OF INDUSTRIES

KARL MARX and Engels said, in the "Communist Manifesto" of 1847, which Socialists acclaim as the beginning of a new era, "the whole of society increasingly divides itself into two hostile camps, into two directly opposed classes, the bourgeoisie and the proletariat."

§18. The middle classes of former times, small employers, business people, and persons of independent means, artisans and peasants—all fall into the ranks of the proletariat. Their small capital succumbs when brought into contact with the great capitalists.

§25. The progress of industry throws considerable sections of the dominant class into the ranks of the proletariat, and at least threatens their existence.

§31. The modern workman, instead of raising himself by the progress of industry, sinks more and more below the level of his own class.

In short, industry and capital become increasingly concentrated in a few hands, while the numbers of the proletariat continually increase, wages decrease, and the hours of labour grow longer. The last assertion has already been refuted; I now proceed to examine whether the phenomenon of the concentration of industry and of capital announced by the "Communist Manifesto" manifests itself in the United States, in France and in Belgium. I have already cited the figures for Germany given by Bernstein according to the industrial census of 1895.

If three establishments, each of them employing one hundred workmen, only form one establishment at the expiration of ten years, we have a concentration, but if each of them continues to exist and to employ a third or a fourth as many workmen again while doing twice the amount of business, this is not concentration but development and expansion of industry.

CHAPTER II

THE DISTRIBUTION OF INDUSTRIES IN THE UNITED STATES

- i. Difficulties of the industrial census—Manufactures and hand trades—Difficulty of comparison with previous census—Exclusion of undertakings producing less than \$500.
- ii. Distribution of industrial establishments—Their numbers, from 1859 to 1900—Number of existing establishments in 1900 and number founded in 1900—Classification of establishments according to ownership by individuals, firms, and limited companies—Iron and steel industries—Timber trade—Leather—Paper and printing—Metallurgy other than the iron trade—Tobacco—Liquor trade—Chemical industries—Pottery and glass—Coach-makers and wheelwrights—The hand trades.
- iii. Seventeen industrial classes in 1850 and in 1900—Increase in number of establishments in twelve classes.
- iv. Number of employees and workmen per undertaking—Classification of establishments according to number of wage-earners.
- v. Edward Atkinson—Tendency towards individualism Massachusetts—Individual labour—Conclusion.

I

THE management of the industrial census of the United States was entrusted to Mr. S. N. D. North, who is now Director-General of the Census, and it was conducted with all possible care. As a man who is convinced that the professional virtue of the statistician, like that of every man who devotes himself to scientific research, consists in the ascertainment of the truth, he loyally points out the difficulties and uncertainties presented by his labour in the important document entitled, "Plan, method and scope of the twelfth census of manufactures." (vol. vii).

In former efforts the definition of an establishment was left to the discretion of each agent who

contributed to the census. The census of 1900 makes a distinction between Manufacturers and Hand Trades. Mr. North sets up the following criterion by which to distinguish them—he treats every establishment which produces uniform types as belonging to the class of Manufacturers, while those in which every object has a special character are classed as Hand Trades. The maker of ready-made clothes falls within the class of manufacturers, while the tailor who makes clothes to order falls within that of individual labour or hand trade. The same distinction is made between the manufacturer of wheels, axles and hoods, and the putting them together in small shops at the places where they are used, according to the convenience of the purchaser. The building trades are included in the Hand Trades because what they produce is for local consumption according to the taste of the building-owner, and their operations are distributed among a number of trades. Dentists, to the number of 3,214, who make artificial teeth, had originally been classed by the census of 1900 with manufacturers, but they protested energetically that their occupation was not mechanical but personal, and they claimed to rank among the “professionals” in the category of the “liberal professions.”

The relations between hand trades, shops and workshops, and retail shops are very close. In 1900 the agents of the census were instructed to pay no attention to restaurants and cafés, funeral undertakers, retail druggists, butchers, laundrymen, carpet beaters, dentists, tailors, milliners, dressmakers, hairdressers, etc. Some of the agents conformed to their instructions, others interpreted them in various ways, so that if the number of hand trades referred to in the census is uncertain, it is undoubtedly very much below the actual number.

It is not known how they are dealt with in earlier

census. Under their separate classification in the census of 1900, they are taken as numbering 215,800 establishments. For the census of 1840, 1850, 1860 and 1870 the agents were not to refer to any establishment whose total profits did not exceed \$500. In 1890 the returns which deal with smaller incomes than this are disregarded, but what accuracy does this limitation carry with it? Every small trader gives the figure he pleases, generally a smaller one than that of his actual income, for fear of the revenue.

In 1900, 127,419 industrial establishments out of the 640,000 referred to in the census lists fell below the 500 dollar limit. In order to preserve a comparison with the earlier census, they are dealt with separately. But the word "establishment" does not represent units of the same degree; a factory employing 7,000 workmen ranks as one "establishment" as well as a workshop employing five.

II

The distribution of industries according to the census of 1900, is as follows:—

| | |
|---|---------|
| (a) Hand trades | 215,814 |
| (b) Establishments with a profit of less than \$500 | 127,419 |
| (c) Other establishments | 296,440 |
| (d) State establishments | 138 |
| (e) Educational and penitentiary institutions | 383 |
| Total | 640,094 |

Leaving out of account classes (b), (d) and (e) the figures for 1850 to 1900 are:—

| Year. | Number. | Increase per cent. |
|-------|---------|--------------------|
| 1850 | 123,025 | — |
| 1860 | 140,433 | 14.1 |
| 1870 | 252,148 | 79.6 |
| 1880 | 253,852 | 0.7 |
| 1890 | 355,415 | 40.0 |
| 1900 | 512,224 | 44.1 |

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But it is obvious that the number of small establishments under the 500 dollar limit and of hand trades is less than it is in fact, and that the difficulty and expenses of including them in the census will cause them to be eliminated, a measure which is formally suggested by Mr. North.

In his analysis of the census, Mr. North says: "It is obviously impossible to determine from the census dates how the actual number of establishments engaged in productive industry in the United States has been affected by the consolidation of industries and the concentration of employment in large mills and factories." Undoubtedly small establishments are closed; one sees deserted mills on the river banks. Changes in the place of production and of destination involve disturbances to the advantage or disadvantage of particular localities. New establishments spring up in the same industry every day. Many employers, instead of renewing their old establishments, put up entirely new ones. *Nevertheless the number of establishments, in fact, increases in every one of the States of the Union.*

Table XI. gives us the number of existing establishments and the total number of new ones opened in 1900:—

| Group UNITED STATES. | | Total No of Estab- lishments, 512,264. | Establish- ments opened in 1900, 44,768 | Per- cen- tage. 8.7. |
|-------------------------|--|---|--|-------------------------------|
| 1. | Food and kindred products | 61,302 | 5,008 | 8.2 |
| 2. | Textiles | 30,048 | 2,451 | 8.2 |
| 3. | Iron and steel and their products | 13,896 | 1,103 | 7.9 |
| 4. | Lumber and its re-manu- factures | 47,079 | 8,811 | 18.7 |
| 5. | Leather and its finished products | 16,989 | 1,228 | 7.2 |
| 6. | Paper and printing | 26,747 | 1,742 | 6.5 |
| 7. | Liquors and beverages ... | 7,867 | 627 | 8.0 |
| 8. | Chemicals and allied pro- ducts | 5,444 | 459 | 8.4 |

| Group. | Total No. | Establish- | Per- |
|---|-------------------------------------|------------------------------------|-----------------|
| UNITED STATES. | of Estab- lishments, 512,254. | ments opened in 1900, 44,705 | centage 8.7. |
| 9. Clay, glass and stone products | 14,809 | 1,095 | 7.4 |
| 10. Metals and metal products, other than iron and steel | 16,305 | 1,098 | 6.7 |
| 11. Tobacco | 15,246 | 1,460 | 9.6 |
| 12. Vehicles for land transportation | 10,113 | 463 | 4.6 |
| 13. Shipbuilding | 1,116 | 100 | 9.0 |
| 14. Miscellaneous industries ... | 29,479 | 2,875 | 9.8 |
| 15. Hand trades | 215,814 | 16,185 | 7.5 |

Mr. North, in putting forward this table, further states that some of the agents of the census did not exercise sufficient care in the collection of their information. Nevertheless, we gather that *the new enterprises opened in 1900 represent 8 or 9 per cent. of the total existing enterprises, and that there is an increase without exception in every industry as well as an increase in every State of the Union.*

Table XII. gives us the number of establishments and their output, classified according to the nature of their ownership. The 512,254 are distributed as follows:—

| Nature of Ownership. | Number. | Value of output in Millions of Dollars. |
|---------------------------------|---------|--|
| Individuals | 372,703 | 2,674 |
| Firms | 96,715 | 2,565 |
| Limited companies | 40,743 | 7,733 |
| Co-operative societies & others | 2,093 | 30 |

The number of establishments owned by individuals represents 72.8 of the total, *i.e.*, nearly three-fourths; of this number 183,500, or nearly one half, were engaged in hand trades. Their output represents 20.6 per cent. of the total, and the average output of each establishment is \$7,176. Firms with two or three partners represent 18.9 per cent. of the total, with an output of 19.7 per cent.

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These two forms of establishment therefore constitute 91.7 per cent. of the total number, with an output of 40.3 per cent. Co-operative societies may be disregarded, their number as well as their output being insignificant.

Limited companies, which represent 8 per cent. of the number of establishments, produce 59.5 per cent. of the output.

The four great industries which are concerned with foodstuffs, textiles, iron and steel, and lumber are primarily represented by limited companies. Nevertheless in the cotton trade 72.8 per cent. of the establishments are owned by individuals or private firms; in the silk trade 27.3 per cent. are owned by individuals and 31.9 by firms, so that only 40.8 per cent. are owned by companies; similarly in the hosiery and lace trade 38.3 per cent. are owned by individuals and 27.4 per cent. by firms.

In the iron and steel industries, only 4,843 establishments out of 13,896, or 34.9 per cent., are owned by companies; but they produce \$1,508,493,000 or 84 per cent. of the total output of \$1,793,490,000.

In the timber trade, 28,470 establishments are owned by individuals, 13,906 by firms, and only 4,675 by companies, the value of the output of the first two classes being 521 million dollars and that of the third 508,383 millions.

Of the 16,989 establishments in the leather trade, 12,906 are owned by individuals, 2,990 by firms, and 1,091 by companies. The output of the latter is \$257,808,000, that of the firms \$208,571,000. The census does not state the output of the establishments owned by individuals.

The paper and printing trades comprise 26,747 establishments, of which 16,332 are owned by individuals, 5,682 by firms and only 4,490 by companies. The output of the first two classes is 233

million dollars out of a total of 606 millions, or 38 per cent.

The manufacture of wood pulp is almost entirely in the hands of companies; it is otherwise in the case of printing works and periodical publications.

The liquor trade numbers 7,861 establishments, of which 1,333 are owned by companies, with an output of 305 million dollars, or 81 per cent. of a total of 425 millions.

The number of establishments in the chemical industries includes 2,206 companies out of a total of 5,444, with an output of 450 million dollars, out of a total of 553 millions.

In the pottery and glass trades, the small establishments predominate, 8,760 being owned by individuals, 3,890 by firms and only 2,200 by companies, out of a total of 14,800. The output of the companies is \$157,336,000, or 53 per cent. of the total output of \$293,564,000.

In the metal trades, other than iron and steel, out of 16,300 establishments there are 10,060 owned by individuals and 4,167 by firms. The census does not state the output of the privately-owned establishments, but the companies produce 578 million dollars out of an estimated total output of 749 millions.

Of 15,520 establishments dealing with tobacco, 12,800 are owned by individuals, 2,080 by firms, and 358 by companies, producing 128 million dollars, or 45 per cent. of a total of 283 millions.

Carriage builders and wheelwrights, including builders of railway waggons, number 10,113 establishments, of which 2,283 are companies producing \$430,885,000 out of a total of 508 millions. The astonishing thing is not that these 2,283 companies have an output of 84 per cent. of the total, but that there should still be more than 7,000 establishments owned by individuals or by firms. Anyone possessed by the idea of concentration would

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imagine that there was only one waggon builder, Pullman, in the United States. It is to be observed that there are competitors.

Shipbuilding comprises 1,116 establishments, of which 151 are companies with an output in 1900 of \$55,571,000 out of a total of \$74,578,000.

Of the miscellaneous industries, numbering 29,479 establishments, 4,750 are owned by companies with an output of 641 million dollars out of a total of 1,004 millions.

The hand trades only number 2,690 establishments owned by companies out of a total of 215,800, with an output of \$100,646,000 out of a total of \$1,183,615,000, but, as Mr. North explains, a considerable number of these establishments are unknown, so that their output is still more decidedly an unknown quantity.

Marx' theory of concentration premises a decrease in the number of establishments. Now out of seventeen classes of industry, grouped without refining upon the character of an establishment in 1850 as compared with 1900, we find that there has been a decrease in only five—agricultural implements, boots, tobacco, woollens and worsteds, and, to an inconsiderable degree, cotton. In every other instance there has been a concurrent increase in the number of establishments, and in the output of each, except in the case of worsteds. According to Marx and his followers, all industry is bound to become concentrated in a small number of establishments. The worsted industry presents a phenomenon of a precisely opposite character. The number of establishments increases, but the number of employees per establishment decreases. In 1850 there were only three, each with a capital of 35 per cent. more than the capital of each of the existing establishments, and a staff which is more numerous by 60 per cent.

Mr. North puts forward a table (p. lxxii.) of sixteen industries. I take the two extreme periods, 1850 and 1900. This is what we find.

| GROUPS. | PERIOD. | NUMBER OF ESTABLISHMENTS. | CAPITAL. | NUMBER OF WAGE-EARNERS. | PRODUCTION VALUE IN DOLLARS. |
|---|---------|------------------------------|----------|----------------------------|------------------------------------|
| Agricultural Implements... | (1900 | 715 | 220,571 | 65 | 141,549 |
| | (1850 | 1,333 | 2,674 | 5 | 5,133 |
| Boots and Shoes ... | (1900 | 1,600 | 63,622 | 89 | — (1) |
| | (1850 | 1,959 | 21,947 | 57 | — (1) |
| Rugs and Blankets ... | (1900 | 133 | 334,205 | 214 | 362,349 |
| | (1850 | 116 | 33,215 | 53 | 46,574 |
| Cottons ... | (1900 | 1,055 | 442,882 | 287 | 321,517 |
| | (1850 | 1,094 | 68,100 | 84 | 56,553 |
| Glass ... | (1900 | 355 | 173,025 | 149 | 159,267 |
| | (1850 | 94 | 36,195 | 60 | 49,380 |
| Embroidery and Trimmings | (1900 | 921 | 88,882 | 91 | 103,673 |
| | (1850 | 85 | 6,409 | 27 | 12,095 |
| Iron and Steel ... | (1900 | 668 | 858,371 | 333 | 1,203,545 |
| | (1850 | 468 | 46,716 | 53 | 43,650 |
| Tanned Leather, etc. ... | (1900 | 1,306 | 133,214 | 40 | 156,231 |
| | (1850 | 6,686 | 3,406 | 4 | 6,500 |
| Liquors Malt ... | (1900 | 1,509 | 275,205 | 26 | 157,236 |
| | (1850 | 431 | 9,449 | 5 | 13,291 |
| Paper and Wood-pulp ... | (1900 | 763 | 219,538 | 65 | 166,876 |
| | (1850 | 443 | 16,390 | 15 | 22,996 |
| Shipbuilding ... | (1900 | 1,116 | 69,321 | 42 | 66,826 |
| | (1850 | 953 | 5,678 | 14 | 17,773 |
| Silk and Silk-stuffs ... | (1900 | 483 | 167,872 | 135 | 222,063 |
| | (1850 | 67 | 10,124 | 26 | 27,007 |
| Slaughter-houses and Tinned Food ... | (1900 | 1,134 | 168,172 | 61 | 696,872 |
| | (1850 | 185 | 18,824 | 18 | 64,766 |
| Tobacco ... | (1900 | 437 | 100,358 | 67 | 237,424 |
| | (1850 | 626 | 15,167 | 30 | 34,857 |
| Wooliens ... | (1900 | 1,035 | 120,180 | 67 | 114,425 |
| | (1850 | 1,559 | 18,036 | 25 | 27,715 |
| Worsteds ... | (1900 | 186 | 710,581 | 306 | 646,851 |
| | (1850 | 31 | 107,667 | 793 | 1,233,793 |

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In the twelve other industrial classes we see the extent of the establishments growing larger, while their capital and the number of their employees increases as well as their output, but so far from establishments, which existed in 1850, having monopolised production, they have stimulated competition, since we find a greater number of establishments in 1900 than in 1850. The industries which employ the largest number of workmen per establishment are those which already employed the greatest number in 1850, such as the woollen trade, the metal trade, and the cotton and cloth factories.

According to Table XXXIV. (p. civ.) the total number of wage-earners is:—

| | | |
|----------------|-----------|-----------------|
| Clerks | 396,700 | or 7 per cent. |
| Workmen | 5,308,400 | or 93 per cent. |

5,705,100

Dividing this total by 640,000, the number of establishments, we have 8.90 per establishment. Deducting the 127,000 establishments with an output of less than \$500, we have $\frac{5,705,000}{513,000} = 11$ workmen and clerks for each establishment.

While in the eyes of those who only judge by appearances the whole of the industries of the United States are concentrated in a few gigantic establishments, the average number of wage-earners—clerks and workmen—is 11 per establishment, after eliminating the quite small ones and including the trusts.

The total number of wage-earners—clerks and workmen—is distributed among the different establishments as follows:—

| No. of Wage-earners. | No. of Establishments. |
|----------------------|------------------------|
| 0 | 110,510 |
| Less than 5 | 232,726 |
| 5 to 20 | 112,132 |
| 21 „ 50 | 32,408 |

| No. of Wage-earners. | No. of Establishments. |
|----------------------|------------------------|
| 51 ,, 100 | 11,663 |
| 101 ,, 250 | 8,494 |
| 251 ,, 500 | 2,809 |
| 501 ,, 1000 | 1,063 |
| Over 1000 | 443 |

In the 215,814 hand trades, 68,800 employ no hands; 106,000 employ from 1 to 5; 32,000 employ from 5 to 20; and 7,700 employ more than 20. The latter include the building trade and its allied trades. In the manufacturing industries properly so called, there were 41,700 establishments out of 246,000 whose owners employed no workmen at all.

Of the 443 establishments employing more than 1,000 wage-earners, the class of textile industries contains 120, of which the one with the greatest number of workmen is a cotton-mill in New Hampshire, employing 7,268.

The second class of those in which each establishment employs the greatest number of workmen is the metal trades, in which 103 employ more than 1,000. We find one in Ohio with more than 7,400; two in Pennsylvania, which includes Pittsburg, with more than 5,800 and 4,537 respectively; one in Massachusetts with 5,190, and another in Illinois with 5,119.

If we add to these establishments employing more than 1,000 workmen, the 245 others which are distributed among various classes, we find a total of 468 employing more than 1,000 workmen. There are only a few isolated ones which exceed 7,000.

III.

So few arguments in favour of the theory of the concentration of industries can be drawn from the industrial census of the United States, that the lamented Mr. Edward Atkinson finds in it a tendency to individualism,¹ a result at which he arrived

¹ See his "Facts and Figures, the Basis of Economic Science," 1904.

by supplementing the results of the census by the industrial census of the State of Massachusetts. This is the State which contains the greatest number of industrial establishments owned by limited companies. It also contains a much larger proportion of textile establishments than the other States; they are 438 in number, and employ on an average 322 persons. But the total of 250 classes of industry in Massachusetts comprises 29,180 establishments, each of them employing on an average 17 persons, including women and children.

In the State of Pennsylvania, which includes the Baldwin locomotive works with an average number of 18,000 workmen, and Pittsburg with its blast furnaces and steel works, the average is 14.06; in the State of New York the average is only 10.79, and we have seen that for the whole of the United States it is 10.50 for workmen and 11 for workmen and clerks combined.

And yet the emigrants, ordinary workmen who arrive at the rate of a million per annum, present the great industries with a supply of labour ready to hand; and, in fact, Mr. Atkinson pointed out that in a cotton mill in Massachusetts, with which he was familiar, the 2,000 operatives of either sex belonged to sixteen different nationalities. But had they taken away work from the American workman? By no means, for the daughters of the agricultural labourers who had previously been employed in the cotton mills select occupations of a higher order, and leave the mills to the newcomers. They have risen to a higher sphere in the scale of occupations.

Possibly some of the displaced workmen have opened a workshop on their own account, for what is it that nearly all the large establishments supply? They supply manufactured products which have to pass through a workshop before they reach the

consumer. The tanner works, not for the public, but for the shoemaker and the saddler; the cloth manufacturer works for the tailor and the upholsterer. The element of individual labour, which requires men and women with an awakened spirit, an observant and accurate eye, and a skilful hand, will not cease to grow in proportion as the tastes of the consumer become refined and his purchasing power increases.

We may therefore conclude that:—

- (1). The industrial census of the United States, taken in 1900 does not point to a concentration of industries. If the capital, the personnel and the output of every industrial establishment is greater than they were in the previous census, this is due to their normal development and not to the suppression of competition, since in nearly every branch of industry the number of establishments increases, and has actually increased in each of the states of the Union.
- (2). The census by no means indicates the whole of the share taken by the smaller industries in the economic life of the United States, for it leaves on one side the establishments with an output of less than \$500, and the information with regard to hand trades is incomplete.

Despite these gaps, which tend to underrate the apparent importance of the smaller industries, these industries are distributed among a number of establishments which is sufficiently considerable to cause the whole of the establishments, large and small, taken together, to employ an average of only eleven wage-earners, including both clerks and workmen.

• IV.

Report No. 57 of the American census, entitled "Census of Manufacturers, 1905," was published in 1907. It deals in fact with the year 1904. Between 1899 and 1904 there was an astonishing explosion of activity in the United States. This is the period which witnessed the genesis of the great trusts. Was the new census of a nature calculated to invalidate the foregoing conclusions?• I devoted myself with curiosity to an examination of this question.

• To begin with, I gather from Table No. 2 that the number of establishments rose from 512,000 in 1900 to 533,000 in 1905. The number, instead of decreasing, has increased. This first indication is not an indication of concentration. But Mr. S. N. D. North, the Director of the Census, explained in 1900 that the enumeration of small establishments presented considerable difficulties. In 1900 the agents had already been instructed not to include butchers, laundrymen, tailors, milliners, dress-makers, hairdressers, etc., while undertakings whose output was estimated as less than \$500 were also excluded. I foresaw that all the small establishments whose inclusion occupied much time and was onerous and not easily controlled, would be omitted, and although the figure of 533,000 occurs in the census of 1905, it really concerns itself with only 216,000 undertakings. (Table 1).

Mr. North says that a comparison of these establishments with those of a similar nature included in the census of 1900, yields the result that the number of 207,500 in 1900 has increased to 216,200 in 1905, or an increase of 4.2 per cent.—a fact which is not in accordance with the alleged phenomenon of concentration. Table IX. gives us the position of 14 classes of industrial establishments in 1900 and in 1905. In eight classes the number has increased by 14,500.

| | 1900 | 1905 |
|-------------------------------------|---------|---------|
| 1. Food and kindred products | 41,000 | 45,800 |
| 2. Iron and steel | 13,800 | 14,200 |
| 3. Paper and printing | 26,000 | 30,800 |
| 4. Liquors and beverages | 5,700 | 6,400 |
| 5. Chemicals | 8,800 | 9,700 |
| 6. Metals other than iron and steel | 5,500 | 6,300 |
| 7. Tobacco | 15,000 | 16,800 |
| 8. Miscellaneous | 11,400 | 12,300 |
| Total | 127,800 | 142,300 |

In six classes the number has decreased by 5,500

| | 1900 | 1905 |
|--------------------------------------|--------|--------|
| 1. Textiles | 17,600 | 17,000 |
| 2. Lumber, etc. | 35,200 | 32,700 |
| 3. Leather and its finished products | 5,300 | 4,900 |
| 4. Clay, glass and stone products | 11,500 | 10,700 |
| 5. Vehicles for land transportation | 8,700 | 7,300 |
| 6. Shipbuilding | 1,197 | 1,097 |
| Total | 79,400 | 73,900 |

This shows a total increase of 9,000. We have included shipbuilding among the classes in which the number of establishments has declined; the decrease is only one of ten units, of whose size we are ignorant. The figures, therefore, show that the development of industry in the United States has not contracted them within a small number of establishments from 1900 to 1905 any more than in the preceding period. I may add that Table XVI., dealing with textiles, shows a larger figure for 1905 than for 1900, the manufactures included being cotton, wool, silk, hosiery, linen, hemp, and jute. The figures are 4,312 in 1900 and 4,563 in 1905. Blast furnaces suffered a slight decrease, from 668 to 605, but other metallurgical establishments increased from 215 to 443.

The number of industrial establishments has not

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decreased, so that the phenomenon of the concentration of industries has not manifested itself in the United States in the period from 1890 to 1905.

V.

The metallurgical industry is one of the most highly concentrated. The figures for blast furnaces and rolling mills are as follows:—

| | 1890. | 1905. |
|--------------------------------|---------------|---------------|
| Number of establishments | 668 | 605 |
| Capital | \$372,600,000 | \$936,327,000 |
| Output | \$431,000,000 | \$905,800,000 |
| Number of clerks | 3,800 | 16,500 |
| Clerks' wages | \$5,687,000 | \$20,754,000 |
| Number of workmen | 148,730 | 242,300 |
| Workmen's wages | \$78,977,000 | \$141,400,000 |
| Cost of raw material | \$295,777,000 | \$620,146,000 |
| Various expenses | \$16,918,000 | \$47,160,000 |

Now, comparing these various elements in 1890 and in 1905, we find that capital has increased 125 per cent. and output 100 per cent. In 1890 output exceeded capital by more than 19 per cent., in 1905 it was 3 per cent. less. The value of raw material as compared with output has remained constant at 68 per cent. In relation to the total output, wages paid to workmen were 18 per cent. in 1890, and 15 per cent. in 1905. The number of workmen has increased by 63 per cent. and the amount of wages by 78 per cent. Compared with the number of workmen, the latter figure shows an increase of 15 per cent.

Taking workmen and clerks together we find that their wages were 19 per cent. in relation to output in 1890 and 17 per cent. in 1905. Their numbers have increased by 70 per cent. and the amount of their wages by 93 per cent.

Despite Mr. Carnegie's United States Steel Corporation, the number of establishments has re-

mained much about the same. Its promoters claimed that it "controlled" 82 per cent. of the metallurgical output of the United States; it does not at present represent half.

CONCLUSION.

The number of industrial establishments in the United States has not decreased; *the phenomenon of the concentration of industries, according to Karl Marx' formula, has not, therefore, manifested itself* in that country.

CHAPTER III

THE DISTRIBUTION OF INDUSTRIES IN FRANCE

Distribution of the active population—Heads of establishments—Distribution of industrial establishments according to the numbers employed—Number of workmen per establishment—Greater industries in France—Conclusion—Number of patents.

I.

I have already, in my observations upon the distribution of industries in the United States, called attention to the importance to be attached to the method of counting establishments. The statistical results of the census of the population in France¹ in 1901 confirm them.

The census of March 24th, 1901, indicates 19,700,000 persons as following some occupation, that is 50.7 per cent. of the total population of 38,961,900. In 1896 the proportion was only 49.3 per cent. The figures for persons of the male sex is 12,911,000 or 65 per cent. in 1901, as compared with 67 per cent. in 1896; and for females the figure is 6,805,000 or 35 per cent., as compared with 33 per cent. The return assumes that this difference arises from the fact that a number of census papers escaped verification in the census of 1896.

Taking the total figures we find the following result:—

| | |
|-----------------------------------|------------|
| Heads of establishments | 4,865,700 |
| Clerks and workmen | 10,655,800 |
| Independent workers | 4,121,200 |

The heads of establishments and independent workers would, therefore, number 8,996,900, and represent 45 per cent. of the total. But the figure of 10,655,800 clerks and workmen comprises

¹ "Résultats statistiques du Recensement de la population en France" (1901).

persons who are included in section 7 (liberal professions) and class 9a (government, departmental, and commercial services). The President of the Republic, senators, deputies, prefects, heads of government offices, ambassadors, magistrates, etc., all go to swell the number of clerks and workmen which is brought into contrast with the number of heads of establishments. This figure includes instructors and teachers, some of whom claim to be simple wage-earners. However, their number cannot be brought into relation with that of the heads of establishments, because their relations are entirely with the State.

It is, therefore, incorrect to say that of 100 persons who followed some occupation at the date of the census, 26 are heads of establishments, 52 clerks or workmen, and 22 independent workers. The figure for the learned professions includes 400,000 persons. The number of independent workers is 36.54 per cent. A medical man, lawyer or artist falls within this category, but I see in the table dealing with the staff of various establishments, that the learned professions are represented by 246,800 persons, of whom 44,500 are heads of establishments, 167,000 are clerks, and 35,000 are workmen. These figures need some explanation. Now I find (vol. iv. p. 124) the following figures:—

| | |
|--|-----------|
| Learned professions | 399,800 |
| Government, departmental and municipal services | 1,297,500 |
| Total | 1,697,300 |

Deducting these 1,697,300 individuals from the 10,655,800 workmen and clerks employed in agriculture and industry I find that they are reduced to 8,958,500, that is that they are 38,600 less numerous than the heads of establishments and independent workers. The proportion is destroyed, and instead of being in the minority, they form the majority.

If we deduct from the 400,000 individuals belonging to the learned professions the 200,000 who are classed as clerks and workmen, we have a total, in round numbers, of 1,500,000, and we shall then have, on the side of clerks and workmen, 9,155,000, and on the side of heads of establishments and independent workers 9,158,000. We are, therefore, entitled to draw the conclusion that these two large classes are of equal size.

II.

The table on page xix. (vol. iv.) gives the figure of 4,865,000 for heads of establishments; it is with this figure that the number of wage-earners and employees is properly to be compared in order to bring their relative numbers into account. There are not as many establishments as there are heads of establishments. But the economist and the politician require the exact figures for the two classes; they are 4,865,700 heads of establishments on the one hand, and 9,155,000 workmen and clerks on the other. There are, therefore, less than two workmen and clerks to one head of an establishment, the percentage being 65 of the latter to 35 of the former.

In 1896, 2,983,000 establishments were put down in which two or more individuals were working together. In 1901, this figure had been increased to 3,185,000. This would point to the opposite of a concentration of industries, but the report tells us that it proceeds from "new conditions of verification which permitted of the enumeration of a number of family establishments which were not registered in 1896." Be it so. The report adds: "Leaving on one side establishments conducted solely by husband and wife, or by partners working without assistance, the import of the movement is reversed; the figure for establishments employing at least one workman is reduced to 2,256,000 in 1901, instead of 2,390,000 in 1896, but this decrease has regard

to agricultural establishments. In 1896 a large number of children were included in dealing with these, which in 1901 were excluded from the census of the active population. In the industrial sphere, on the contrary, the number of establishments has increased.* But in the table on p. xix. the report disregards all such establishments as employ no outside labour at all. Now in the table on p. xvii., the number of heads of establishments has increased in agriculture as well as in industry:—

| | Heads of Establishments. | |
|--------------------|--------------------------|-----------|
| | 1896 | 1901 |
| Agriculture | 3,086,200 | 3,469,200 |
| Industry | 715,000 | 813,710 |
| Trade | 444,300 | 538,800 |

Accordingly, there is an increase in each of the three great classes in the number of heads of establishments. *This is a phenomenon of diffusion and not of concentration.*

The small establishments, which usually include only the members of a household, are too important a factor in production to allow of a clear conception of this phenomenon if they are disregarded, and I call attention here, as in the case of the American census, to the tendency on the part of public statistical departments to eliminate them. It is quite natural that they should do so, the labour involved being too great.*

* The table on page xix. only contains establishments which employ workmen. It shows a slight falling off in the number of agricultural establishments.

| | 1896 | 1901 |
|--------------------|-----------|-----------|
| Agriculture | 1,484,000 | 1,340,000 |
| Industry | 592,600 | 616,000 |
| Trade | 233,000 | 249,000 |

This movement is, therefore, the opposite of a movement towards concentration. The Report states that 573,000 establishments employed from

1 to 20 workmen and other employees in 1896, while for 1901 the figure is 594,000; the number of those employing from 21 to 100 has risen from 15,583 to 17,570, and the number of large establishments employing more than 100 workmen has risen by 600, having risen from 3,668 to 4,268. Out of 100,000 establishments there were more than 619 employing more than 100 workmen in 1896, and 693 in 1901. In trade, the movement is the same; the number of small businesses has increased from 231,000 to 246,000, the moderate businesses from 1953 to 2279, and the larger ones from 143 to 192. Out of 100,000 which employ clerks, 61 employed more than 100 in 1896 and 77 in 1901.

If the number of small establishments had decreased, one might have drawn conclusions in favour of the phenomenon of the concentration of industries in accordance with Marx' formula. But from the time that the number of small establishments, as well as of the greater ones, has been ascertained to increase, we cannot describe the phenomenon as a concentration, but must give it its correct description of a development of industries.

If we now enter into details, we find the following figures (p. 131) relating to agriculture:—

| | Heads of Establishments. | |
|---|--------------------------|-----------|
| | 1896. | 1901. |
| Males | 1,822,000 | 2,008,000 |
| Females (unmarried) | 134,000 | 125,000 |
| Independent Workers (excluding day labourers) | 1,249,000 | 1,096,000 |

The number of heads of establishments has increased, while the number of independent workers has decreased. We must admit that a number of the latter class have passed into the former. This is the opposite of the constant absorption of the small proprietors by the proletariat which is one of the articles of faith of scientific socialism, so-called.

III.

Volume iv. (p. 191) of the Statistical results of the Census of 1901 contains the figures of the distribution of industrial establishments (exclusive of the carrying trade). These figures were ascertained in the following manner. "The effective *personnel* of establishments employing more than 5,000 workmen was determined by direct returns. In other cases the number of workmen returned and the estimated numbers do not correspond exactly, the former being 3,606,000 and the latter 3,723,000; the revised total is 3,526,800." The Report continues: "The figures could not be expected to correspond exactly. In point of fact, it was impossible to classify 3,000 industrial establishments; these are undoubtedly small ones, most probably employing altogether no more than 15,000 workmen." The first assertion appears to me to be well founded, the second is not based upon any accurate data. "Furthermore," the Report proceeds, "the figures for industries and for the carrying trade include a large number of common workmen and journeymen who have failed to disclose the establishment which employs them, a proportion of whom are no doubt at work in some industry." It should be added that all workmen do not work continually in the same establishment. These figures have reference to continually varying phenomena, although they are obliged, from the nature of the case, to appear constant.

But the figure of 3,526,000 wage-earners is lower by 506,000 than the figure of 4,032,000 given in the table on p. 188, in which the figures are carried down to units. The table is preceded by a note which states that the number of workmen in 11,000 establishments is unknown, and it is added that the number of workmen in establishments employing more than 10 has only been obtained by a process

of deduction. With these observations I subjoin the table on p. 197.

| Establishments Employing. | Number of Workmen and Clerks. | | No. per cent. | |
|------------------------------|----------------------------------|-----------|---------------|-------|
| | 1896. | 1901. | 1896. | 1901. |
| 0 to 10 ... | 1,134,000 | 1,130,800 | 36 | 32 |
| 11 to 100 ... | 853,000 | 990,100 | 28 | 28 |
| Over 100 ... | 1,124,000 | 1,396,800 | 36 | 40 |

According to this estimate, 60 per cent. of the workmen are employed in the small or moderate-sized industries, and 40 per cent. in the greater ones. In 1896 the percentage was only 36, a difference of 4 per cent. But this difference is insignificant, having regard to the uncertain character presented by these figures. Even if it were strictly accurate, or even greater, the fact remains that in the industrial sphere the number of heads of establishments is 813,000 in 1901, as against 715,000 in 1896. It has, therefore, increased.

IV.

On p. 187 we find a table, the figures in which are not identical with those supplied to the commission (pp. xviii. and xix.); I take those in the table because the following sentence is appended to it: "The average number of workmen per establishment has increased, and this is a primary indication of the concentration of the staff of the various establishments." But what is the proportion?

| | Establishments. | | Number of wage-earners. | | Percentage of wage-earners. | |
|--------------------------------|-----------------|-----------|----------------------------|-----------|--------------------------------|------|
| | 1896 | 1901 | 1896 | 1901 | 1896 | 1901 |
| Agriculture... | 1,500,000 | 1,340,500 | 3,283,600 | 2,918,400 | 2.3 | 2.2 |
| Industry and carrying trade | 603,200 | 620,800 | 3,788,400 | 4,308,400 | 6.8 | 6.9 |
| Trade ... | 249,800 | 250,300 | 657,400 | 763,200 | 2.6 | 3.0 |
| Learned professions ... | 36,600 | 43,900 | 161,100 | 202,364 | 4.4 | 4.6 |

Viewed in the light of percentages, the increase in the number of workmen, the primary indication of concentration, averages 30 per 100 establishments (360—339). The maximum increase is in the

class of industry and the carrying trade (60 workmen per 100 establishments), while agriculture and the learned professions present the minimum figures (10 and 20 per cent. respectively).

On page 185 the occupations are sub-divided, and the figures of the average number of workmen and clerks per establishment employing more than 1 employee are classified as follows:—

| Industry | No. of wage-earners per Establishment |
|---|---------------------------------------|
| Metallurgical trades (iron and steel) | 689 |
| Mines and minerals | 477 |
| Government or municipal industrial establishments | 245 |
| Metallurgical trades (various metals) | 181 |
| Glass works | 140 |

We descend almost directly below 100:—

| | |
|--|----------|
| Paper mills | 66 |
| China and earthenware | 55 |
| Paper hangings and playing cards | 47 |
| Cotton and wool factories | 46 |
| Indiarubber | 41 |
| Alcohol and sugar | 39 |
| Dyeing, bleaching, etc. | 38 |
| Musical instruments (metal) | 37 |
| Gas lighting and petrol | 34 |
| Chemicals, explosives, etc. | 19 to 25 |

For the remaining industries the figure is 16 and under. There are, therefore, only five industrial sub-classes with more than 100 workmen per establishment. On p. 186 there is a list of industries showing the average number of workmen employed per establishment for the years 1896 and 1901. It is unfortunate that the number of establishments is not stated side by side with the number of workmen.

| | 1896 | 1901 |
|--------------------------------------|------|------|
| Coal mines | 857 | 953 |
| Tinplate works | 698 | 953 |
| Blast furnaces (first process) | 504 | 701 |
| Steel works | 510 | 687 |
| Iron and steel shipbuilding | 416 | 524 |

If the number of establishments has decreased between the two census, we may say that there has been a concentration. If their number has increased, there has been a development of industry.

As soon as we pass from these five industries we descend to a number of workmen less than 500. We find 18 with more than 200. There are 53 sub-classes in all, with more than 100 workmen. Unfortunately, again, the same table does not state the number of establishments represented by them. We only know, from the next table (p. 187) that the number of industrial establishments with more than 200 workmen is distributed as follows:—

| No. of Workmen. | No. of Establishments. | | Proportion per 10,000. | |
|--------------------|---------------------------|------|---------------------------|------|
| | 1896 | 1901 | 1896 | 1901 |
| 101 to 200 ... | 2053 | 2375 | 35 | 39 |
| 201 „ 500 ... | 1158 | 1342 | 19 | 22 |
| 501 „ 1000 ... | 300 | 340 | 5 | 6 |
| 1001 „ 2000 ... | 107 | 147 | 2 | 2 |
| 2001 „ 5000 ... | 35 | 46 | — | — |
| Over 5000 ... | 13 | 18 | — | — |

The number of all establishments has, therefore, increased, which is evidence, not of concentration, but of development of industry. We perceive at the same time how insignificant a part is played by the larger industries in France. The standard had to be raised to 10,000 in order to obtain the units for comparison, and these were not obtainable for establishments employing more than 2,000 workmen.

As regards small establishments with not more than one workman, these ought, in accordance with Marx' theory, to have disappeared, instead of which they increased from 290,800 to 318,300 or from 4,900 to 5,100 per 10,000. This demonstrates a movement precisely contrary to that of proletarianisation. The development of the larger industries has not killed the spirit of enterprise and

initiative of the workman who is able to start business on his own account.

In trade (as opposed to manufacturing industries) we find the same phenomenon:—

| No. of Employees. | No. of Establishments. | | Proportion per 10,000. | |
|-------------------|------------------------|------|------------------------|------|
| | 1896 | 1901 | 1896 | 1901 |
| 101 to 200 | 92 | 122 | 4 | 5 |
| 201 „ 500 | 36 | 54 | 2 | 2 |
| 501 „ 1000 | 5 | 6 | — | — |
| 1001 „ 2000 | 7 | 4 | — | — |
| 2001 „ 5000 | 3 | 5 | — | — |
| Over 5000 | — | 1 | — | — |

A table on p. 197 shows the number of wage-earners employed in the different classes of industries properly so-called, with the fraction of this number employed in the smaller establishments. The table only contains six industrial sub-classes in which the workmen employed in establishments with a staff of more than 100 are in the majority:—

| Industries. | Total No. of Wage-earners. | No. of Wage-earners Employed in Establishments employing more than 100 (estimated). |
|------------------------------|----------------------------|---|
| Mines and minerals | 189,400 | 183,000 |
| Chemical industries | 101,900 | 53,000 |
| India-rubber and paper ... | 65,200 | 38,000 |
| Textile industries | 636,700 | 434,000 |
| Metallurgical industries ... | 75,200 | 73,500 |
| China and glass | 144,500 | 78,000 |

This number amounts to 859,000 out of a total of 1,317,000¹ workmen employed in establishments which employ more than 100 workmen, or 65 per cent. We see to how small a number of classes the greater industries, in which the majority of workmen are employed in establishments with more than 100 workmen, are limited.

¹ In the Table on p. 191 this figure is given as 1,396,000.

V.

A table on page 128 shows the relative importance of the various classes comprising the industrial population, per 10,000 heads of the active population. The proportion in the following industries is:—

| Industries. | 1896. | 1901. |
|------------------------------|-------|-------|
| Mines and minerals | 245 | 273 |
| Chemical industries | 132 | 157 |
| India rubber and paper ... | 92 | 101 |
| Textile industries | 1417 | 1277 |
| Metallurgical industries ... | 88 | 108 |
| China and glass | 229 | 230 |
| | <hr/> | <hr/> |
| | 2,203 | 2,146 |

These establishments, therefore, representing the admittedly greater industries in France, only include one fifth of the wage-earners, and their relative importance has diminished from 1896 to 1901, because there has been a decrease in the textile industries. But, if we eliminate these, we find the figures to be 784 for 1896, as against 869 for 1901, so that the number employed in these greater industries has only increased by 85 per 10,000, or less than 1 per cent., counting in the total of industries for less than one tenth, viz., 7.84 per cent.

This relative importance has a fictitious as well as a positive side, fictitious because the development of some of these industries, having been called forth by protection, is artificial; and positive, because not only have wants in general continued to develop, but because the metallurgical industry has received a considerable impetus by the Gilchrist method of treating ores, and the rubber industry by the development of the motor trade; and undertakings of these classes require large establishments and a numerous staff.

VI.

All the statistical results of the census of 1901 in France point, not to the phenomenon of concentration to be implied from a decrease in the number of industrial establishments, but to the phenomenon of the development and expansion of industry.

These results are confirmed by the number of patentees. In 1822 there were 955,000. Despite the calling in of patents by which legislation has benefited minor patentees, the number was 1,660,000 in 1871, 1,862,000 in 1881, 2,005,000 in 1891, 2,154,000 in 1901, and 2,253,000 in 1906. The increase is gradual, but does not ~~suffer~~ any recoil, and the increase is not attributable to any large increase of population.

CHAPTER IV

THE DISTRIBUTION OF INDUSTRIES IN BELGIUM

- i. Definition of an "enterprise"—ii. Number of enterprises and number of employées---iii. Large and small industries.

I.

MY information as regards Belgium is drawn from the "*Récensement Général des industries et des métiers (analyse des volumes iv. et v.)*." Mr. L. March's analysis in 1902 before the French Statistical Society contains the following introduction: "The principal unit for the purposes of the Belgian census is the industrial '*enterprise*,' but the definition of the enterprise is slightly different from that adopted in France for the establishment ('*établissement*') in the census of 1906. In France, the establishment is defined as a group of individuals working in common under a firm name and at a place of business in a particular locality. An establishment may, therefore, comprise, for example, a spinning factory and weaving-mill combined, under the direction of the same master, in the same place. The compilers of the Belgian statistics treat two such establishments united in the same building or in continuous buildings as a multiplex or complex enterprise, embracing two divisions of enterprise or two establishments. If an industrial proprietor owns establishments which are not contiguous, in different parts of a town or district, each of these is counted as a separate enterprise.

II.

In October, 1896, there were in Belgium, exclusive of State workshops, 326,089 enterprises in active work, and 11,306 enterprises (or 3.3 per cent.) lying idle. The 326,089 enterprises and divisions of enterprises were distributed as follows:—

(1) 231,420 or 70.97 per cent, worked by masters or companies.

(2) 94,334 or 28.93 per cent. consisting of home industries.

(3) 335 or 0.10 per cent. consisting of "installations" rented by workmen in the public workshops.¹

The population engaged in trades and industries numbers 1,102,000 individuals.

Employers manufacturing in their own factories number 232,500; employers who send out work to be manufactured number 5,400; total, 237,900, or 21 per cent. Number of wage-earners 864,200, or 79 per cent.

Persons in receipt of wages or salaries are distributed as follows:—

| | |
|---|---------|
| (a) Directors, managers, engineers, overseers, and clerks | 39,100 |
| (b) Workmen in factories, workshops, mines, etc. | 671,607 |
| (c) Workmen at work in their own homes | 101,100 |
| (d) Representatives and intermediaries for home industries | 1,300 |
| (e) Members of the families of persons conducting undertakings who act as workmen | 50,600 |
| (f) Workmen at work in public workshops ... | 366 |

The enterprises carried on by individuals or partnerships number 324,000; those carried on by limited companies number 2,000. The analysis of the census sets up two categories:—

(i). Industries properly so-called:—(a) Enterprises carried on by individuals or by actual or nominal partnerships, 229,400 or 99.13 per cent.; (b) Limited or co-operative companies, 2,000 or 0.87 per cent.

(ii). Home industries or industries carried on in public workshops, individual enterprises or co-operative partnerships, 94,600 or 99.99 per cent. co-operative societies, 8 or 0.01 per cent.

¹ This is the name given to establishments in which men working either alone or with the members of their families, or with paid workmen, are able to hire a room, and generally motive-power as well.

In the two categories almost the whole are carried on by individuals or partnerships. The number of limited companies is 1,854, but they employ 278,200 wage-earners out of a total of 600,000¹, or 41.90 per cent. of the total number of workmen employed in industry properly so-called. If we deduct the coal-mining industry, in which nearly all the workmen are employed by limited companies, this number falls to 164,000 out of 547,000. The mining industry (underground and surface mines combined) includes 115,800 workmen, of whom 97.48 per cent. are employed by limited companies. The industries in which enterprises carried on by limited companies employ between 75 and 100 per cent. of the total numbers employed are as follows:—

| | Number of Workmen. | Percentage to the total Number Employed. |
|---|-----------------------|--|
| Flax-spinning | 13,300 | 97.21 |
| Puddling and rolling | 11,700 | 93.37 |
| Plate glass | 9,700 | 77.19 |
| Railway material .. | 8,200 | 93.92 |
| Cut glass ... | 7,800 | 91.35 |
| Railways (working, permanent way and other works) | 5,600 | 99.68 |
| Zinc | 4,990 | 91.08 |
| Steel | 4,400 | 94.58 |
| Light railways, tramways, etc. | 2,700 | 98.63 |
| Coke furnaces | 2,300 | 98.09 |
| Gasworks (including services con- nected with distribution) | 2,100 | 88.63 |

Then there follow eight industries with less than 2,000 and more than 1,000 workmen, two with more than 500 and six with more than 100.

A great deal is said of Belgian co-operative partnerships. They are 167 in number and only employ 2,100 workmen, of whom 660 are employed

¹ This figure is slightly less than the figure given above.

in baking and 611 in loading and unloading. The latter are really commercial labour partnerships.

In industry, properly so-called, exclusive of home industries and of industries carried on in the public workshops, 160,400 out of 231,420 enterprises and divisions of enterprises, i.e., 69.32 per cent. or more than two-thirds, belong to the minor industries. In 14,500 one or two masters or heads of establishments work without the assistance of any workmen, members of their family or otherwise. In 17,800 (7.71 per cent.) one master or several masters in partnership work with one or more members of their families, who are very generally children. In the whole of the 231,400 there are only 70,900 or less than one-third, which employ at least one workman properly so-called.

III.

It is difficult to find a standard for the minor industries which is suitable to all branches of manufacture. A flour mill employing 7 or 8 workmen does not fall within the minor industries, while a weaving establishment which only employs ten workmen does.

The directors of the Belgian census take as their empirical standard the figure of four workmen and less; 55,000 enterprises (or 23.76 per cent.) or one-fourth of the total number of those employing at least one workman fall within this standard. They represent a total of 96,000 workmen, or an average of less than two for each enterprise or division of an enterprise. The tailors, dressmakers, shoemakers, joiners, carpenters, bakers, farriers, locksmiths, masons, painters, wheelwrights, slaters, plumbers, seamstresses, milliners, etc., are all included in the minor industries, and a large proportion even in quite the smallest industries.

In Belgium, moderate-sized industries are taken as including establishments employing from 5 to 49 workmen; their number is 13,380, or 6 per cent.

of the whole, and they are represented by 173,000 workmen, or 26 per cent. of the total number of workmen. These industries include the businesses of masons, breweries and maltsters, builders, carpenters and joiners, ladies' clothing manufacturers, quarries, foundries, metal workers, etc.

The larger industries, employing from 50 to 499 workmen, include 2,000 establishments, represented by a working population of 295,000, or 146 workmen per enterprise or division of an enterprise. Of a total of 664,000 workmen engaged in industry properly so called, there are therefore 295,000, or 44 per cent. employed in these greater industries. In the coal mining industry, out of 115,800 workmen, there are 86,000 who form part of this group of larger industries. Deducting these, we find 209,000 workmen, representing 142 per enterprise and 38.78 per cent. of the total number of workmen. These large enterprises include the same kind of industries as are found in the United States and in France—the metal trades and constitutional metal works and spinning factories. Of 100 workmen, 44 are employed in the larger, and 15 in the largest, industries—a total of 59 per cent.

By a computation uniting the complex enterprises the Report arrives (p. 23) at the following result:—

| | Actual Number of Enterprises | Actual Number of Workmen. |
|---|---------------------------------|------------------------------|
| Smallest and minor industries (0 to 4 workmen) | 211,700 ... | 92,000 |
| | instead of 215,400 | instead of 95,000 |
| Moderate industries (15 to 49 workmen) | 13,800 ... | 162,000 |
| | instead of 13,800 | instead of 172,000 |
| Large industries (50 to 499 workmen) | 1,456 ... | 250,000 |
| | instead of 2,000 | instead of 295,000 |
| Largest industries (500 workmen and over) | 184 ... | 160,000 |
| | instead of 133 | instead of 100,000 |

This would give 24 per cent., or a quarter of the

total number of workmen employed in the largest industries. This is in accordance with the character of Belgian industries—mines, constructional metal works, spinning factories and weaving mills.

This population is classified as follows :—

| | |
|--|---------|
| Heads of establishments | 232,500 |
| Managers and clerks | 37,800 |
| Members of the families of the heads of establishments | 34,400 |
| Home industries | 87,200 |
| Public workshops | 330 |
| | <hr/> |
| | 392,230 |
| | <hr/> |
| Workmen employed in industries proper. . | 664,000 |
| Workmen employed in home industries ... | 14,000 |
| | <hr/> |
| | 678,000 |
| | <hr/> |

I have included managers, overseers and clerks in the same class with the heads of establishments, because the workmen look upon them as having interests distinct from their own.

We therefore have on the one hand 71 per cent. of wage-earners as against 29 per cent. of heads of establishments and clerks; that is rather less than three wage-earners for one head of an establishment. The smallest industries are represented by 70 per cent. and the minor industries (4 workmen and less) by 23 per cent. To this must be added the home industries. The greater industries have therefore not stifled the smaller ones in Belgium any more than in the United States and in France. The facts do not confirm the theory of the concentration of industries put forward by Karl Marx in any of these three countries.

I suggested at the sitting of the International Statistical Institute, held at Copenhagen in August, 1907, that the word "concentration" ought

not to be employed in the language of statistics except for the purpose of denoting an absolute and a relative decrease in the number of agricultural, industrial, commercial, financial establishments, correlative with an increase in the total activity of the category into which they fall. This suggestion was referred to the Committee which was appointed at this Congress for the purpose of dealing with statistical terminology.

BOOK VI

THE INCONSISTENCIES OF
SCIENTIFIC SOCIALISM

CHAPTER I

"SCIENTIFIC" PROPHECIES

"Natural necessity" according to Marx and Engels—
Natural necessity belied by facts—Fatalist theories
—Werner Sombart: his doubts—Marxist interference with "natural necessity"—Social legislation tends to retard it.

MARX and Engels set themselves up as scientific prophets. Beyond Ricardo's *à priori* formula, they felt the most profound distrust of the natural laws of exchange as put forward by economists. But they affirmed the existence of "natural necessity," by introducing the notion of which to socialistic thought they claimed to have effected a great revolution. They claimed to have traced, in the "Communist Manifesto," the process which was fated to end in communism.

Economic development realises itself in a particular manner and it is precisely because it does so that all the items with which the programme is concerned attain their fulfilment. Accordingly there is no escape for you members of the middle classes and capitalists, and for you workmen and wage-earners; your triumph is assured, for everything will come to pass just as we have foretold. Karl Marx is God, and Engels is his prophet!

Three and twenty centuries have elapsed since Thucydides defined the function of history as being to ascertain the truth as regards the past in order to foresee the future. But to ascertain the truth is essential, and he who fails to do so and invents facts instead of observing them misleads himself in his forecasts as well as others. In "Das Kapital" Karl Marx says: "Reflection on the forms of social life and consequently the scientific analysis of them, follows a course which is completely opposed to their true movement," or, in other words, the present explains the past, but does not explain the

future. Consequently the true disciple of Marx should cut all the part of the "Communist Manifesto" which deals with the future, and examine only the historical movement.

The whole of Marx' "natural necessity" is founded upon the pauperisation of the greatest number and the concentration of capital and of industry in the hands of an increasingly restricted number of persons. Now, as this phenomenon fails to take place, "natural necessity" does not exist. If Marx and Engels had been logical, they would have ended in fatalism. In the absence of the necessity on the part of their followers of action of any kind, they have only to watch economic forces at work, bringing into play on the one hand the concentration of capital, and on the other the formation of the proletariat masses. If the need for communism is natural, one has only to wait until it comes forward of itself and there is no occasion for traumatic intervention which would only disturb its development. It is better to leave it to overcome the crisis of its growth undisturbed.

Werner Sombart states that the followers of Marx are in fact convinced that this natural process fulfils itself independently of human activity. It is best therefore to leave it to itself. This is both logical and inoffensive. Yet he admits that "natural necessity (Naturnothwendigkeit) rests upon a series of ideas which are not entirely clear." And he has his doubts. "There does not," he says, "appear in the writings of Marx and of Engels any evidence of the progress of the social movement corresponding to a scientific method."

Marx says that in the past all social movements have been brought about by minorities, but that "the proletariat movement is the spontaneous movement of the immense majority in the interest of the immense majority." Still, it is necessary that this immense majority, the outcome of "natural necessity" should exist, and the failure of this

natural necessity is proved by industrial returns. If the facts upon which this process is based are incorrect, surely the process will fail to develop itself. And how can Socialists who claim to be scientific invoke its aid when experience demonstrates it to be based on a fallacy? If the followers of Marx really believed in "natural necessity," they would leave economic society to evolve itself without interference. The law of the concentration of capital by surplus labour, being a natural necessity and bound to end in the triumph of the proletariat through the agency of communism, Marx's followers ought not to attempt to delay the communistic millennium.

And yet they ask for labour legislation in the programmes of the Gotha Congress (1875), the Erfurt Congress (1891), and even in the programme of the Havre Congress (1880), which was drafted by Marx himself. Furthermore, in the great work in which he sets forth his doctrine, he has acclaimed the Factory Act of 1850 as a "great charter," immeasurably superior to the "pompous catalogue of the Rights of Man."¹ This was an inconsistency, for if the Factory Act has the effect of diminishing the amount of "surplus-value," it retards the "natural necessity" of the advent of communism.

Every form of intervention proposed or approved by the Socialists, with the object of ameliorating the condition of the workmen, is an obstacle placed in the way of Marx' prophecies. When the bourgeoisie, imbued with the idea of paternal state control, attempt to give "satisfaction to the workers," repeat that "something ought to be done," and attempt to prevent the social revolution by petty police measures, they are quite logical. But when Karl Marx counsels such measures and extols the Factory Acts, is he not deserving of the epithet of a "smooth talker" applied by sceptical

¹ *Das Kapital*, vol. i., chap. x.

workmen to those who adopt this policy, as advocated by Le Play and his school? If the Factory Acts have had the beneficial results which Karl Marx so enthusiastically extols, how comes he to predict that England will be the first country to witness the advent of communism?

CHAPTER II

THE PROPHETS OF "CATASTROPHES"

The catastrophe in England—The Labour Party fail to understand the class war—Equivocation at the Stuttgart Congress—Bebel's "grand symphony"—Marx' and Engels' visions of catastrophe—Engels' prophecy for 1898—"The inherent principles of Marxism" and M. Georges Sorel—The myths—The final
 • Socialist judgment and the Christian millennium.

KARL MARX and Engels and their followers prove that, while invoking "natural necessity" they all foresee a tempestuous social revolution, the end of the capitalist world blazing forth in a general conflagration amid thunder and lightning.

In the preface to the edition of "Das Kapital" published in 1867, Karl Marx says that the progress of the social upheaval is visible in England to all eyes. And in 1875, despite the experience of the Commune, he says in a note at the end of the French edition that England will be the centre of the explosion. Yet all the official Continental Socialists unite in declaring that the English do not understand the class war, and persist

in spite of the fact that five and twenty members of trade unions, attached to the Labour Party, only gained admission to the Stuttgart Congress by equivocating. The English workmen remind themselves that if some of their interests are opposed to those of their employers, there are others more numerous which they have in common. M. Vandervelde said that every time the workmen fight for higher wages, they apply the principle of the class war, and it was decided not to exclude these refractory recruits.¹

It is twenty years since Wolmar rallied Bebel upon his predictions of a great European war, at the end of which the nations, disgusted at the butchery and ruined by universal bankruptcy, would take their destinies in their hands, and "in this grand symphony, the social democracy would play the first violin."

"Since 1845," says Werner Sombart, "Marx and Engels have unceasingly dreamed of revolutions, of real revolutions rising to fever heat, and have predicted their approaching explosion. This can only follow from an analysis of the situation which is wanting in realism, and from an erroneous appreciation of political, economic and social forces." These words were written in 1886, and in a letter to Paul Lafargue, dated in 1892, Engels fixed 1898 as the time when the Socialist party would possess itself of power in Germany.

Karl Marx and Engels have therefore always been in contradiction with their own assertion of "natural necessity," at one time by requiring the State to set obstacles in its way by means of labour legislation, at another by dreaming of insurrections, revolutions and dramatic catastrophes. Their followers continue to entertain the same chimæras, some as a means of attracting recruits and of intimidating their opponents, others with the artlessness

¹Socialist Congress, Stuttgart, August, 20th, 1907.

of believers in a millennium. M. Gabriel Deville appeals to "all the resources which science places within the reach of those who have something to destroy." M. Jules Guesde, only the other day at the Nancy Congress, "placed the gun to his cheek," notwithstanding the fact that this attitude is out of date.

M. Georges Sorel, a retired chief engineer of the department of Roads and Bridges, who has found interest in employing his leisure with a systematic and conscientious study of Socialism in general and of Marxism in particular, has discovered in the course of his researches that Marx himself, and *à fortiori* those who make use of his name, are guilty of a number of heresies, with which he contends by the aid of the "inherent principles" of Marxism. He proposes to treat the theories which the doctrinal Socialists refuse to admit, and the militant Socialists regard as axiomatic, as myths removed outside all controversy. What a fall is here! Scientific Socialism ending in folk-lore!

Karl Marx is nothing but an inventor and manufacturer of myths with which he abuses the credulity of his followers, but M. Georges Sorel adds that the doctrine of the end of the world had had so great an influence from the point of view of the Christian propaganda that it ought to be carefully preserved as the final doctrine of the Socialistic Day of Judgment. M. Faubert once asked him whether the doctrine of the end of the world did not have the force of a deception, to which M. Sorel replied that the promises of a Christian millennium have never been realised, and Christianity has always preserved many faithful followers.

CHAPTER III

ADMISSIONS OF THE APOSTLES

Pretensions of Marx and Engels—Werner Sombart's disappointments—The three socialisms: hermetic, esoteric and exoteric—Antitheses and metaphors—Karl Marx and Proudhon—Ricardo's parrot-cry—Interpreters of the Marxian Bible—Condemnation of Socialism as a science by Charles Andler and Sorel.

THE Socialists of the end of the nineteenth century thought to enshrine international Socialism in the German chapel of Karl Marx and Engels. Jules Guesde had imported it into France a few years after the war, at a time when, with the feelings of humility of the vanquished, we were completing the invasion of 1870 by apologies for German military organisation, German education, German literature, German beer and German sausages. In their "Communist Manifesto" of 1847 Marx and Engels had modestly decorated their Socialism with the epithet "true." This document was the Gospel to which every Socialistic aspirant had to make a confession of faith.

The influence of Karl Marx, like that of all prophets, is due not so much to what he says, as to what he promises to say. If one permitted oneself to make certain objections to the first volume of "Das Kapital," which appeared in 1867, his faithful disciples would make a confession of faith to the second volume, which was not to appear until 1885, two years after his death. If one still ventured to contest some of Marx' rough generalisations, they would refer you to the third volume, which did not appear until 1895. These two volumes were published under the care of Engels, who recognises, particularly with regard to the third volume, that he had only a very rough outline to deal with. This question, therefore, arises: If Marx' conception was as clear as he

pretended, why this delay in the elaboration of its exposition? He was able to reduce all economic, historical and social science to one formula. Why, then, so many attempts to extract it? On feeding these three bulky volumes we find not only a quantity of rubbish, but a number of compilations, principally culled from the English "Reports on Commercial Distress (1847—1848)" and the "Reports on Bank Acts (1857—1858)." It follows that the documents from which Karl Marx' theories are to be gathered extend back over a period of fifty or sixty years.

In 1886, Herr Werner Sombart, a professor at the University of Breslau, delivered a course of lectures at Zurich, intended for the glorification of Karl Marx, but he commenced with this admission: "A perusal of the writings of Marx and Engels since the complete development of their ideas, that is from 1847 to 1883, presents the intellectual heritage which they have bequeathed to us, at first sight, as a disordered confusion of the most conflicting conceptions. It represents an extremely heavy pot-pourri of contradictory doctrines." Nevertheless, as a conscientious disciple, he adds that "at the end of half a century after its conception, we are still in search of the true meaning of the profound significance of his doctrine." In his restless desire for orthodoxy he puts forward the view that "Marx and Engels were not always consistent Marxists, either in theory or in practice."

M. J. Bourdeau did not exaggerate when he observed that Marxism includes three doctrines, the "hermetic," which its authors alone possessed, and of which Herr Kautsky, the great Marxist theologian, and editor of the "Neue Zeit," is perhaps one of the few surviving depositaries, if we admit that Engels did not carry the secret with him to the grave; an "esoteric" doctrine upon which a small band of doctors and disciples are

wont to comment; and finally an "exoteric" doctrine for the purposes of propaganda and of public meetings.

In point of fact, Marx was the propagator of at least three different Socialisms:—

1. The Socialism which is called scientific. The Social Revolution was the "natural necessity" of the struggle of the two classes, the increasingly numerous and increasingly wretched proletarians and the increasingly rich and decreasingly numerous capitalists.
2. Theatrical Socialism. The Revolution which is to call forth a volcanic explosion.
3. Opportunist Socialism, promoting limitation of the hours of labour, minimum wages, weekly day of rest, etc.

The majority of Socialists imitate Karl Marx and profess all three forms, despite the contradictions which they involve. Herr Werner Sombart desired "a psychological foundation for social development, to which Karl Marx has hardly paid attention."

We are only familiar with this psychological foundation through the programmes, declarations and declamations of the Socialist leaders. With regard to France, their most marked characteristics are collected in my "Comédie Socialiste." They proceed by means of antitheses, after the manner of Louis Blanc. Private property is accompanied by misery. Therefore it must be abolished. There are people who find it inconvenient to pay their rent. Therefore houses must be owned by the State. There are people who are in want of work. Therefore the State must possess itself of all the means of production and supply everybody with work! Here are some people who are richer than others. Therefore the State must possess itself of all wealth. This is the agenda at political and election meetings, garnished with a few pleasantries such as are calculated to flatter the low

instincts of greed and covetousness. In surrendering themselves to the psychological exploitation of the pilgrims who are seeking the Socialist Mecca, expert Socialists are merely following the course adopted by Marx.

Herr Werner Sombart, after recognising his obscurities and incoherences, concludes by passing the following eulogy upon him: "The work of Karl Marx has been to abolish cant in the political and social sphere." It has certainly not abolished metaphor. In the "Communist Manifesto" he speaks of the "frozen wave of calculating egoism," and twenty years later in "Das Kapital" he repeats in various forms the sentence "capital is dead labour that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks"¹—a metaphor which will only impress those who still believe in ghost stories.

Karl Marx talks of the "habitual charlatanism and pretended science" of Proudhon. Yet both adopt the same method, the same boldness of asseveration and the same subtlety as regards verbal distinctions. If Proudhon bases the whole of his "Contradictions Economiques" upon a sentence of Jean Baptiste Say's, and Lassalle constructs the iron law of wages upon a sentence of Ricardo's, Karl Marx bases the whole of his system upon Ricardo's statement that profits rise or fall in exact proportion to the rate of wages. He also repeats with approval Ricardo's statement that if you lower the cost of maintenance by lowering the price of food and raiment, you will find that wages will end by falling, despite a considerable increase in the demand for labour.

"Scientific Socialism," therefore, has no real existence from the historical, economic or psychological point of view. The facts which have unfolded themselves during the last sixty

¹ Das Kapital, i., chap. x.

years have been in contradiction with the theories of the "Communist Manifesto." The followers of Marx are obliged to recognise the obscurities, incoherences and contradictions of his work. Nevertheless they recapitulated his dogmas at the Erfurt Congress in 1891, and declined to renounce them, while at the Lübeck Congress in 1901 Bebel secured the condemnation of Bernstein by 203 votes to 31.

The Socialists have been forced to abandon their scientific pretensions, for science has but one object, the search after truth; and their professors, finding themselves between the necessity of admitting either their ignorance or their want of faith, sacrifice their morality to their desire to preserve their reputation for perspicacity. While admitting that the "iron law of wages" was still a subject of discussion at the Gotha Congress, they said that this was merely by way of a political concession to the followers of Lassalle. And yet Liebknecht said, at the Breslau Congress, that Marx' work is capable of the most conflicting interpretations. These are indeed singular scientific conditions. M. Charles Andler asserts that "all Socialistic doctrine renounces the claim to be considered as a science. A man is only a Socialist by conviction or by sentiment. An ideal is incapable of demonstration." M. Georges Sorel's conclusion is that "Socialists are wrong in trying to form a scientific party." He reminds them that the Church has been hampered by making its theological doctrines jointly and severally answerable for supernatural propositions. "Everyone," he continues, "recognises that a strict revision of the doctrine bequeathed by Marx and Engels is required."

The German Socialists claim to be the sole observers of social evolution. On proceeding to verify their assertions, we find the following results:—

- (1) Lassallé's "iron law of wages" is a deduction from a proposition of Ricardo, which is belied by the facts.
- (2) Karl Marx' theory of surplus labour is derived from the same proposition of Ricardo; his theory of value is merely a plagiarism of a mutilated definition of Ricardo's measure of value.
- (3) The theory of a social dichotomy contained in the "Communist Manifesto" is a proposition devoid of all reality.
- (4) All the fundamental conceptions of German Socialism are à priori "conceptions which are not in accordance with the facts."

The founders and leaders of Socialist schools of thought have not sought after scientific truth for its own sake; they have all made truth subordinate to certain political conceptions.

BOOK VII

COLLECTIVIST ORGANISATION

CHAPTER I

COLLECTIVIST ORGANISATION AND ITS ECONOMIC CONDITIONS

I.

- i. Centralisation of all the means of production in the hands of the State—Schoeffle—"The Quintessence of Socialism".
- ii. The Alpha and Omega of Socialism—Common property—Equality of all producers—All property private except property in goods employed in production—Abolition of money—Distribution of labour—The artistic professions—Bebel and "the executive"—Allurement and coercion—Condemnation to death by starvation.
- iii. Existing government monopolies—Schoeffle's hypothesis—Waste.
- iv. Remuneration of labour—The time of social labour—Complicated accounts: How are they to be ascertained?—The artist and the right to work—Impossibility of identifying the hour of labour—Purchasing power—Everyone will not receive remuneration—Deductions from the integral product of labour.
- v. Arts and trades which supply luxuries—Literature and the drama.
- vi. Abolition of commerce—Foreign purchases—Imports—Abolition of a portion of exports.
- vii. Four types of distribution—Subjective demand—Subjective and objective limits—Abolition of certain classes of demand by the State.

KARL MARX, Engels, Jules Guesde and Paul Lafargue carefully guarded themselves against reproducing the Utopias of More, Campanella, Morelly and Cabet. Bebel was once questioned by a deputy belonging to the centre party with regard to the organisation of collectivist society. His answer was: "Do you think I am so indiscreet as to ask you for details of your Paradise?" Nevertheless Bebel himself in his book, "Die Frau und der Sozialismus," has attempted to construct a pic-

ture of the society of the future which has involved him in some severe reprimands.

Herr Schoeffle, a gentleman from Wurtemberg, who was professor of political economy at the University of Tübingen and afterwards at Vienna from 1860 to 1868, and Austrian Minister of Agriculture and Commerce from February 7th to October 30th, 1871, finally retired to Stuttgart, and in 1874 published a work in four bulky volumes entitled "Bau und Leben des sozialen Körpers" (structure and life of the social body) in which he entirely assimilated the social body to a biological organism. A part of it he devoted to an examination of the working of collectivist society according to the Gospel of Marx. This has been published separately and sold by tens of thousands, under the title of the "Quintessence of Socialism."

II.

Bebel says that every individual will select the occupation in which he desires to be employed; the large number of kinds of labour will permit of the satisfaction of the most various desires. But if there should be a surplus in one kind and an insufficiency in others, the executive "will adjust the matter and repair the inequality." Accordingly, the distribution of labour can only be effected by authority, otherwise the more agreeable and least exhausting occupations will attract everyone, while those which are difficult and dangerous will be avoided. In order to obtain workers for the latter, they must be remunerated on a higher scale. Will the executive have recourse to this means of attracting labour? If it does, the remuneration of labour will no longer be equal and we shall revert to the combinations of capitalist society. What will become of the difference between the industrious and the lazy, the intelligent and the stupid? Bebel replies boldly that there will be no such differences, because the distinctions which we associate with the

conception of them will have ceased to exist.

Schoeffle attempts (chap. viii. p. 90) to reconcile collectivism and private property. The individual will be granted the right to exercise thrift and to own private property, and even the right of inheritance as regards goods employed in production. He does not develop this proposal, but we may infer that he would allow the ownership of a picture and the right to leave it by will. But can it be sold? No, for there we fall back into capitalist society, even if its value be only paid in the form of remuneration for labour.

Some collectivists support the retention of money—a dangerous concession, for, if it be of a good standard it may be saved, put on one side and developed into capital. Schoeffle makes no such concession and will permit no one to acquire anything but remuneration or vouchers for labour.

Karl Marx did not concern himself with the incentives to action which are to be placed before men in communistic society, and his followers carefully evade the question. When they do attempt to deal with it they fall into grotesque errors, like M. Jaurès. Herr Kautsky asks himself how the workman is to be made to take an interest in his work, and he can find no incentive other than the force of habit. Like mechanical toys, men will do the same thing every day because they did it the day before. This is merely teaching tricks to animals, the organisation of reflex action causing the individual to do mechanically to-morrow what he did yesterday. This is not a discovery of scientific socialism; the organisers of armies and of churches discovered it long ago and employed it as a means of discipline under the sanctions of allurements and coercion; allurements by preferments, decorations and honorary and material distinctions, and coercion by means of more or less cruel and vigorous punishments. Bebel declares that “a

man who will not work shall not have the right to eat." This is being condemned to death by starvation. And a man who does less work than, in the opinion of the executive, he ought to do, will have to be put upon a restricted diet, so that the collectivist ideal ends in servile labour.

III.

Schoeffle cites government monopolies, such as the post office, telegraphs, and in some countries railways, carried on by the State, etc., as arguments in favour of collectivism, but he realises that the manner of their administration may inspire some distrust, and takes care to point out that government works are entirely different in an individualistic and in a communistic State. Managers and workers in State factories have, in fact, no interest in economical production for the good of the State, but it would be otherwise if everyone were to receive the greater remuneration in accordance as others perform more work in all classes of production.

Thus, under a collectivist dispensation, fishermen are desperately bent on their occupation during the icy winter nights, because they say to themselves, "we must work with energy in order to add a dozer baskets of fish to the social wealth." The navvies will say, "we must work a little faster in order to increase the social wealth by a cubic metre per day." And the fisherman and the navvy will understand that they must both give the maximum of production without knowing whether they will reap any immediate advantage thereby.

So far we find waste in all collectivist organisations. In France every soldier receives a bowl of bread, the inferior quality of which has been pointed out by M. Fleurent. But all soldiers do not possess the same appetite. There are companies in which 200 or 300 kilos of bread per week remain uneaten, and are sold to contractors at low prices

At this rate 172,000 kilogrammes of bread per annum are wasted by a regiment, and part of that which is consumed is used to wipe badly washed plates, spoons, knives and forks. Watch these soldiers peeling potatoes; their common interest would be that it should be done properly, yet the majority do it in a way which increases the waste to an absurd extent. Schoeffle does not explain by what means the collectivist State will prevent waste.

IV.

Schoeffle sees a system of remunerating labour by means of labour tickets or vouchers, for he realises that it is impossible to abolish rewards as an incentive to action; he also retains exchange of commodities when produced. But how is the price to be determined? He applies Marx' formula of value in its entirety.

The prices of social products are to be determined by the cost of labour; labour is to be determined according to the time of social labour fixed by a process, the simplicity of which no one can fail to admire. If a district requires 20,000 hectolitres of wheat and has to employ 100,000 days of socially organised labour in order to produce it, each hectolitre will be worth $\frac{100,000}{20,000} = 5$ days of labour. This value will have currency even if individuals may have devoted 10 or 20 days of individual labour to the production of a hectolitre of wheat. This amounts in a year to 300,000,000 days, socially organised, which, if the day consists of eight hours, will represent 2,400,000,000 social hours of labour. The sum total of all the necessary social wealth produced under public management would likewise have a total value of 2,400,000,000 hours of labour. The hours of labour = $\frac{1,000,000,000}{2,400,000,000}$ of collective annual labour, and should be the general measure of value and 2,400,000,000 nominal labour-units should be handed to the workers in the form of certificates, vouchers, or cheques, representing

labour, in order that these same workers might purchase the total produce of the collective labour at the public stores, amounting to a corresponding value of 2,400,000,000 hours of labour. Public departments of administration would give credit for work done, fix the value of the product according to the ascertained cost of production in terms of labour-time, deliver cheques on account of work when registered, and hand over products against these cheques at the rates based upon the cost of social labour (pp. 75-76).

After setting forth this excellent system, Schoeffle raises two questions:—

- (1). Is the premiss, according to which the social cost of labour is the measure of value of wealth, accurate from the point of view of theory?
- (2). Can the socialist State, as a whole, deal with the enormous system of social accounts which would be necessary, and could it make an accurate assessment of unequal labours according to units of social labour-time, from the point of view of practice.

No doubt this dispensation would form a triumph for the accountants, but it is fair to ask how these, and *à fortiori* the persons interested, could know whether the measure of the hour of labour of 2400000000 is really the correct measure. But this figure, which is high as it stands, is insignificant when compared with actual facts. It is applied to the production of 10,000 hectolitres of corn. But the average production in France, which is insufficient to satisfy the demand of the consumers, is at least 120 million hectolitres. Applying to this the unit of the labour-hour, we have, therefore, 2880000000000, or a unit of 288 trillions of labour-hours. But how is this unit of 288 trillions to be fixed? By dividing up the quantity of corn pro-

duced? But is the production in every year and in every place identical with the number of labour-hours which have been devoted to it? A drought when the corn is ripening will reduce the quantity of corn and consequently the value of the labour-hour. If the harvest be abundant, the value of the labour-hour is increased. But there may have been an abundant harvest in one locality and a bad one in another. How then is the equality of labour-hours to be ascertained? In order to do so, it would be necessary to wait until the harvest was gathered and measured. What would be the value of the labour-hour during this period? No doubt it would be that of the preceding year, but suppose that the harvest in the preceding year was good, while that of the present year is bad, and that the labour-hour of the preceding year continues to be taken as the unit, a value will be attributed to it which is quite devoid of reality.

This labour-hour cannot be identical from one harvest to another, neither can it be identical as between different localities.

Can it be the same in the level country of the North of France and on the edge of a moor in Brittany? And if the labour-hour cannot be identified for the same product, how can it be identified as between different ones? Is the labour-hour of the labourer in Lower Brittany identical with that of a skilled mechanic? Is the artist to be entitled to demand vouchers for his labour-hours if there be no one able or willing to purchase his pictures? Will not the "executive" point out to him that he has no claim because he has been engaged in useless toil? In that event we find him bereft of his right to work. Can he appeal? And while his appeal is pending, how is he to live? He will be told that "there are too many artists, and that the State cannot undertake to give them all vouchers for their work in proportion to the time which they

have spent in front of their canvases." But I must live. Certainly, then come and work at the accounts. But I have no head for figures. There is a canal being excavated, go and work as a navvy. But that is not my profession. So much the worse for you, we have nothing else to offer you, and if you don't do as we suggest, you will receive no vouchers for work. Then I shall die of starvation. So much the worse for you. And if I blister my hands at the tenth shovel-full, and if at the end of two or three hours I am unable to budge, am I to receive a voucher for labour equal to that of the man who has shifted eleven cubic metres in his day's work?

This question will not arise only in the case of the artist, it will arise in that of the weaver of Lyons, the ribbon-weaver of Saint Etienne, the goldsmith, the printer, and of persons of every occupation; it will arise in the case of agricultural labourers, for they do not work three hundred days in the year and have periods when work is stopped; will they receive vouchers on the days when the snow is on the ground and they are obliged to stay at home?

Is the value of the labour-hour identical for each individual? Are not people skilful and unskilful, quick and slow?

Finally the cost of labour is only one factor in the net cost of a commodity, and if the net cost is an objective element in its value, there are two others—the demand, and the purchasing power of the consumer.

Purchasing power is to be regulated by the number of vouchers for work received by each individual. But if these vouchers only correspond with the time occupied without being represented by an exchangeable product, what is their possessor to do with them?

Again everyone will not receive vouchers for

labour in order to live; children will form an exception, as will also women who do not work in the public workshops. Still less will the aged receive them, they will have to be supported at the expense of the active population. Everyone, therefore, will not receive, in the form of vouchers for labour, "the integral product of his labour."

The administrative department charged with the distribution of work would begin by providing for the departmental expenses and the expenses of regulating the accounts of the remuneration to be credited to each worker, which would be heavy; the expenses of government would be onerous in proportion to the multiplicity of its functions and the actual cost of national defence, police, and of the administration of justice would continue to fall upon labour so long as the whole of humanity remains unconverted to collectivism and human nature remains unchanged. •

V.

Collectivist society would abolish the arts and trades which supply luxuries. Art is the result of individual effort, and those who devote themselves to it, are induced to do so by their natural tastes and also by resulting advantages in the shape of reputation and emolument. No doubt there are many who fail and are obliged to renounce the pursuit of their youthful aspirations, but there remains a minority of those who succeed, and who is to discriminate between those who are to make the attempt and those who are to be debarred from competition? The "prix de Rome" was instituted in the time of Colbert. How many of the number of artists who have gained it and of those who have developed their art outside formulæ consecrated by official sanction, have left a decisive mark upon art? Only the State, the municipalities and representatives of the collective principle generally will buy pictures or statues, for such objects represent

capital possessed of purchasing power and are not to be tolerated as the objects of private or individual ownership. The artist must, therefore, bring his taste into conformity with that of the distributor of commissions, as he is already restrained by official commissions. But he will no longer be able to fall back upon the patronage of individuals whose influence reacts more or less tardily and effectually upon the public administration of the fine arts, and whose mistakes of the past and the present give some indication of those which are likely to be committed in the future when deprived of this stimulant.

But what of literature and the drama? Will there be newspapers and booksellers' shops carried on by private enterprise? That is impossible, for these are capitalistic enterprises, admitting of "the exploitation of man by man," since they employ wage-earners, from the scene-shifter to the tenor, the leading lady and the masters of literature. There will, therefore, be only official journals, and these can contain only articles in accordance with official politics, economy, and science; there will be only official books, and consequently all spontaneity of thought, all criticism and all new ideas will be prohibited. Will the authors of official plays be allowed to portray individual interests and passions in opposition to official regulations, or to expose the grievances of persons who have been deprived of work or of sustenance because they have displeased those who are charged with distributing them? There would be no room in a collectivist society for an Aristophanes or even a Molière, and the great passions as evoked by Corneille would be carefully banished, for they might disturb the order, the tranquillity and the harmony of the communistic ant-hill.

VI.

There are to be no more exchanges, no more markets, and no more prices. How then is the State

to estimate the net cost of its products. Although Germany may have the honour of being the first collectivist country, it will not be able to grow cotton and coffee on the banks of the Spree. Its government will, therefore, be obliged to make purchases abroad, to pay for them in cash, and to circulate in the capitalist groove. France has reached the stage of producing refined articles such as her wines and her brandies. Where will be the customers, in a collectivist society, to pay the prices necessary to cover the cost of their production? Ideal equality will remain far to seek. I have heard a socialist ask, "Will collectivism change the soil and the sunshine of Médoc?" No, but wine does not come into existence of its own accord, the vine-stocks and the conditions of soil and of climate do not produce fine harvests spontaneously, but need to be properly utilised, and require an annual expenditure upon the cost of cultivation; and subordinate officials without a direct interest are not the men to apply the required attention to this kind of production. The export of these products is indispensable to France, but a home market is necessary if they are to attain to the perfection which distinguishes them, and inasmuch as there is no place for it in the organisation of collectivist society on a basis of equality, they will disappear. The inventive genius of the dressmakers of the Rue de la Paix and of the large milliners' establishments is stimulated by French ladies of fashion. In a collectivist society, these must disappear, and all this portion of the economic activity of the nation must vanish. Puritan collectivists may say, in agreement with those who profess a more or less defined ideal of religious asceticism, "So much the better; we see no necessity for those occupations which are an element of waste and speculate upon feminine vanity."

The future is not for the monks of the Thebaid

or the Scotch Puritans, and the French, of all nations, are, undoubtedly the least disposed to be seduced by such prospects, for they have always had a horror of a morose and wearisome existence. The wildest of collectivist ladies would protest if their husbands were to condemn them to wear the uniform of the Salvation Army.

But collectivists would succeed no better than protectionists in making France self-sufficing. She is obliged to buy raw material and articles of food abroad and to pay for them with the produce of her own industries. In 1906 and 1907 we imported thirteen classes of articles to an amount of more than 100 million of francs each, viz. :—

| | Millions of francs. | |
|-------------------------------|---------------------|-------|
| | 1906 | 1907 |
| Wool | 533.1 | 380.4 |
| Coal and Coke | 361.2 | 441.5 |
| Raw cotton | 358.9 | 440.7 |
| Raw silk | 345.5 | 429.1 |
| Oilseeds | 231.2 | 272.8 |
| Cereals (including malt) .. | 221.3 | 225.6 |
| Hides and furs | 199.6 | 224.2 |
| Timber and wood | 172.6 | 183.5 |
| Copper | 164.7 | 155.3 |
| Machinery | 148.4 | 153.1 |
| Rubber and gutta-percha | 120.3 | 109.4 |
| Wine | 102.5 | 104.4 |
| Coffee | 101.8 | 103.6 |

These thirteen articles represent 3,420 millions or 55 per cent. of the total of our imports in 1907. In 1907 we imported 251,900 tons of wool, while the French flocks only produced 40,000. Would a collectivist society be able to decline to import wool from Australia and La Plata? „Would it have cotton grown in La Beauce? „Grow it in the colonies,” some collectivist will say. But England, which possesses India, has not been able to grow cotton of long fibre there, and continues to supply herself principally from the United States, which in their turn import cotton from Egypt.

Collectivist society involves the abolition of the silk trade, an industry for the supply of a luxury. Would it ensure that the ores gotten in France should be sufficient for home consumption? Would it discover a sufficient production of skins and of raw hides? Would it forbid the importation of common timber and of copper? Would it allow France to import no machinery? Bold as we may be, no collectivist would venture to reply that he wished to make France a country more completely closed to foreign trade than Japan before the revolution of 1868. But how do we pay for these imports? Here is a list of the fourteen articles whose export in 1906 and 1907 exceeded 100 millions:—

| | Millions of francs. | |
|--|---------------------|-------|
| | 1906 | 1907 |
| Textiles, silks | 307.8 | 355.6 |
| Textiles, cotton | 306.0 | 352.3 |
| Raw wool and yarn | 273.0 | 266.2 |
| Textiles, woollen | 224.9 | 245.0 |
| Wine | 196.0 | 228.1 |
| Fancy goods and Parisian novelties | 184.0 | 218.2 |
| Raw silk and yarn | 172.3 | 197.3 |
| Skins and furs | 153.1 | 158.8 |
| Linen and clothes | 140.9 | 150.4 |
| Motor-cars | 137.9 | 144.4 |
| Millinery and artificial flowers | 124.9 | 132.5 |
| Leather, dressed | 122.2 | 122.3 |
| Chemical products | 120.3 | 118.8 |
| Metal goods and tools | 114.8 | 106.3 |

The export of these fourteen articles in 1907, yields a total of 2,786 millions, or 50 per cent. of the total exports. Of these fourteen, ten are manufactured articles, while woollens, worsteds and chemicals are also to a great extent manufactured. They include one article of food, wine, which is an article of luxury to the great majority of the human race.

Collectivist society must needs renounce all industry connected with dressmaking and millinery

for ladies, for who would manage establishments of this kind under a collectivist dispensation, and where would be their customers when the level of equality for all had been reached?

The disappearance of the customers in the home markets would involve the disappearance of foreign customers, and this would entail the elimination of one of the elements in the national activity. Would a collectivist society undertake the manufacture and sale of silk stuffs, fancy goods, and Parisian novelties, linen-drapery, millinery and artificial flowers? And if we had been under a collectivist régime, would the motor car industry have been developed in France?

The problem that suggests itself, then, is this. How will a collectivist society pay for such of the raw materials and foodstuffs as it requires as are produced abroad?

VII.

We have seen the difficulties involved in the distribution of labour: are the difficulties connected with the distribution of products and of profits less considerable?

There are four types of distribution:—¹

- (1) Absolute mechanical equality, allotting to each individual articles of consumption of equal quality.
- (2) Hierarchical distribution, according to the services rendered by each individual, after making a deduction of the portion required by a sinking fund, and the improvement of the means of production.
- (3) Allocation according to requirements without regard to services rendered.
- (4) Distribution in equal parts of profits, leaving to each individual the choice of the method of consuming them to which he may apply them.

¹ Professor Ely, "Socialisme."

The programme of the Gotha Congress (1875) adopts the third type by recognising "an equal right for each individual to receive out of the fruits of the common labour the part necessary for the satisfaction of his reasonable requirements." The programme of the Erfurt Congress (1891) found the question so embarrassing that it abstained from mentioning it. But did this cause its disappearance? Who is to determine what are reasonable requirements? They are subjective and have two limitations—one a subjective and indeterminate one, the imagination; the other one objective, in the shape of purchasing power.

Is purchasing power to fix the limit of requirements? In that case what is the distinction as compared with capitalist society? If a woman is unable to supply herself with diamonds and dresses according to her fancy, because she lacks the means by which to obtain them, she will say, "This is as it was under the capitalist régime."

Schoeffle recognises that the State could suppress requirements which appeared to it to be hurtful by abstaining from producing the articles which it would condemn. So vegetarians like Baltzer declared themselves to be Socialists in the hope that the State would condemn the whole world to abstain from meat.

CHAPTER II

THE CLASS WAR AND POLITICAL CONDITIONS

- i. The class war—"The proletariat as the ruling class"—The art to command and the spirit of discipline—Monasteries and barracks with women and children—Electoral rights—Parties—A policy of spoliation—Substitution of political for economic competition—No one will work except on the requisition and for the profit of his opponents.
- ii. Socialists and the State—Peru and Paraguay—Fierceness of the political struggle.

I.

THE class war, says the "Communist Manifesto," must result in the abolition of classes, but it will establish "the proletariat as the ruling class" (§52). Accordingly, if the proletariat be a ruling class, there will be a class which oppresses and a class which is oppressed. The classes will not have disappeared, they will merely have changed their positions. The "Communist Manifesto" makes it a supreme consideration to "centralise the means of production in the hands of the State." (§52).

There will be at least two classes, one consisting of officials to distribute the burdens and the results of labour, the other of the drudges to execute their commands. Such a dispensation would not bring with it social peace, for political would take the place of economic competition.

So far only three means of calling human activity into being have been recognised, those of coercion, allurements and remuneration. Coercion is servile labour—work, or strike. The allurements of high office, decorations, rank or a crown may complete the coercion; we see the two employed together in the schools, the Church and the Army. Their success implies two conditions, on the one hand the art to command, and on the other the spirit of discipline. But what are these?

They are the conditions which underlie the military spirit, founded upon respect for a hierarchy. Order, in a Communist Society, requires the virtues of convents and of barracks. But establishments of this kind consume without producing, and have furthermore eliminated the question of women and children.

In a collectivist society will there be citizens with electoral rights? Presumably; but the ballot is but an instrument for classifying parties, so that there will be parties, majorities and minorities; parties which will attain to power and others which will be in opposition. .

Karl Marx says that he makes no pretension to change human nature. But unless human nature be changed, competition will be the more fierce in proportion as the party in power, disposing of all the resources of life, succeeds in appropriating all the advantages to itself and imposing all the burdens upon its opponents. This means a policy of spoliation in its most aggravated form. The question will be to ascertain who is to work and who is to reap the benefit. There will be a servile class and a class which obtains the benefit of their labour. Economic will give place to political competition, and the best method of acquiring will be, not to produce and to exchange, but to ~~dominate~~ and to extort. Collective ownership will end in a retrogression of productive civilisation towards civilisation on a warlike basis. The party in power will distribute profits in such a manner that no one will work except on the requisition and for the profit of his opponents.

• II. •

Schoeffle (p. 52) is justified in reproaching Socialists with being the enemies of the State. Since Karl Marx' time they have substituted the term "Society" for "the State." What difference does this make? The object of all their aims, and

of all the articles in their programmes is to increase the powers of the State and to entrust it with the care of the national economic life. "When the unified organisation of labour shall have become a reality," says Schoeffle, "the organs of the Socialist State will be geared up in the high degree which was characteristic of the Middle Ages." Every centralisation of powers is a supporter of Socialism, and a Socialist Society can only be confined within rigid limits.

A collectivist society could only work on the model of Peru under the domination of the Incas, or of Paraguay under that of the Jesuits.¹ The struggle of humanity would be suppressed, except as between the leaders, and these would develop factions in their contentions for power. In this stage of civilisation the existence of parties side by side would be impossible and the struggle could only terminate in the annihilation of the vanquished.

¹ Supra, Book I., pp. 30 and 40.

CHAPTER III

THE DEFLECTIONS OF ADMINISTRATIVE ORGANS

Every public organisation becomes an end in itself—

Private organisations subject to competition—

Officialdom of the German Socialist party—Tratle-

• Union officials.

EVERY organisation established for the promotion of a particular purpose rapidly forgets the object for which it is designed and becomes an object in itself, unless restrained by the permanent menace of a heavy responsibility. This state of mind attains its maximum intensity in public administrative departments, in which officials and employees do not know whether they are made for the service or the service for them. It manifests itself in an army or a navy in which, the eventuality of war appearing far-off or even improbable, too many officers forget that it is their business to prepare for it, and since they are not kept pre-occupied by the fear of the sanction of the battlefield, their attention is principally directed to the minor advantages of their profession in time of peace. For some, these consist of an existence undisturbed by anxiety, combined with a good and undisturbed administration of their commands; for others, the opportunity of employing only a moderate degree of application to the discharge of their professional duties; for a certain number the zeal and ability which will procure them promotion, while a very small number are pre-occupied exclusively with military activities.

In industrial organisations the same spirit would rapidly gain the upper hand, were it not every day disturbed by competition.

Among political organisations, the German Social Democratic party has furnished a topical example. Charged with the administration of a Budget derived from the subscriptions of 400,000

paying members, its managers have forgotten that the party is merely a means to an end; they have made the party an object in itself, since it secured them positions and remuneration, and have administered it in order to preserve it and not as an engine of war which runs the risk of self-destruction in the performance of its work. Its leaders speak, but do not act, and their only fear is that some movement may put their beautiful arrangement out of order. This attitude of mind was well displayed at the Stuttgart Congress. The electoral defeat of 1906, says Bebel, has done us no harm. The party has increased its membership from 384,000 to 530,000, and our subscriptions in June amounted to 170,000 marks; and among the arguments put forward by them in opposition to Hervé's theories, they pointed to their personal security without any false shame. If this is their conception of their work when constituted as a revolutionary party, imagine how they would have conceived it had they been at the head of a Government. They would have approved themselves as model Conservatives, without either activity or energy, except in opposition to those who might have threatened their positions.

Mr. and Mrs. Sidney Webb have told us of the increasing number of Trade Union officials and have shown us that the policy they carry out is influenced by their personal position rather than by the interests of the members of the Unions.¹

What collectivist is there who can imagine that, if the collectivist state became a reality, its leaders and officials would never act otherwise than with the object of attaining its true ideal?

¹ History of Trade Unionism.

CHAPTER IV

THE IMPOSSIBILITY OF COLLECTIVISM

Schoeffle—Negation preceded by apology.

IN his Gospel of Collectivism, as propagated by the collectivists, Schoeffle concluded by saying: "Socialism must be able and willing to modify, from foundation to coping-stone, its fundamental thesis that value results exclusively from the total amount of labour necessary to production. We think that this is not impossible, but this notion, as it has been hitherto formulated, reduces the current economics of Socialism to a mere Utopia" (p. 78).

Ten years later, he published a pamphlet entitled "Die aufsichtlosigkeit der Socialdemokratie" (Perfection of Social Democracy) in which he demonstrated the impossibility of the collectivist organisation which he had himself expounded.¹

(1). Collectivist production is impossible upon a democratic basis. It could only be directed by a hierarchical administration devoid of a democratic character, without liberty, equality or any guarantee against abuses of power.

(2) It suppresses nature and property: all matters of the same class are concentrated in a great social workshop working upon the principle of equal remuneration for the same time spent in labour, but with a democratic organisation individuals impregnated with perpetual flattery would not submit to the sacrifices requisite to effect the economics necessary for this development of the means of production. Those who possessed them would not be disposed to share their surplus with others.

¹ See an analysis in "Les Progrès de la Science économiques," by Maurice Block.

- (3) Supposing that it were possible to concentrate in one body all the branches of production on the basis of uniform labour and a uniform estimate of the time of labour and to set up complete local factories, that would be to act contrary to all experience in industrial matters.
- (4) An increase of production could only take place subject to the following conditions: (a) strict administration, and (b) an increase in the activity of the workers. Now democracy cannot admit of compulsion and would have nothing with which to replace profits, risks and graduated wages, so that there would be no initiative, no responsibility, no interest and no motive for action.
- (5) Social democracy has not discovered a method of apportioning to each individual the exact value of his social labour.
- (6) If each individual be remunerated in proportion to the social value of his labour, inequality must reappear.
- (7) But collectivists at the same time promise a distribution of products according to requirements. This is contradictory, but only one thing could be more impracticable, that is to declare all requirements to be equal.
- (8) Democratic collectivism claims to abolish "the exploitation of man by man," but the collectivist dispensation would involve the organisation of the exploitation of labour as distributed by the agents of the party in power, without recourse to any remedy for its abuse than to overthrow it. In proceeding to the control of the hours of labour, in fixing the normal quantities of products, in reducing complex to simple labour by a method of calculation, the triumphant parasites of Socialism would set about their work in a spirit so far removed from one of

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fraternity as to make Marx' vampire capital assume a highly respectable appearance.

- (9) Collectivism claims to abolish over-production and want, but theorists will not explain how they propose to prevent good or bad harvests in the vineyards, the orchards, the corn-fields, etc.

Schoeffle's conclusion is : "Democratic collectivism is impossible and is unable to realise a single one of its economic promises."

BOOK VIII

THE ACTUAL CLASS WAR

CHAPTER I

STRIKES AND TRADE UNIONS

- i. Economic character of the strike.
- ii. Deviation from the normal exercise of the right to strike—Violence as a practical means of success—Weakness of the Government and of employers—Amnesty—Strike tactics.
- iii. Privileges of Trade Unions in France in the pursuit of illicit objects—Legal domination of the Trade Unions in England.
- iv. Officials and teachers—Offices are not created for them, but for the public which pays them.

The class war manifests itself in actual practice in the shape of partial strikes, in anticipation of the general strike which is to force bourgeois society to capitulate.¹

I

I think it may be useful to recall certain elementary notions relative to strikes. The strike is an economic phenomenon, depending upon the following principles:—

- (1). An individual has the right to refuse to continue supplying an enterprise with his labour, just as an enterprise has the right to dismiss a workman.
- (2). If a workman has this right, ten, a hundred, a thousand, or ten thousand have the right to act in the same manner.
- (3). A strike is only legal if the strikers have observed the obligation to give proper notices. Otherwise they are liable to be prosecuted and to pay damages.
- (4). From the day on which strikers have broken their contract of labour they are free, but the establishment which they

¹ Yves Guyot, "La Tyrannie socialiste" (1893)—"Les Principes de 89 et le socialisme" (1894)—"La Comédie socialiste" (1897)—"Les Conflits de travail et leur solution" (1903).

have left is equally released from all obligations with regard to them. From the day on which strikers go out on strike, they forfeit all the advantages acquired by them in respect of grades, gradual increases of wages and superannuation allowances.

These are the economic and judicial principles upon which the normal right to strike is based.

II

The normal exercise of the right to strike has been subjected to the following deviations :

The strikers consider that the obligation to give notice ought to be observed by the employer, but not by the wage-earner, the sudden interruption of labour being, for the latter, involved in the right to strike. He considers that by taking the employer by surprise he is performing an act of legitimate warfare; for he has been told, and believes, that the right to strike is not the pacific exercise of the right to break a contract of labour, but a fight—a conviction which has been encouraged by the weakness of several governments. Strike leaders have sufficient perspicacity to take into account the fact that deputies like to give way to sentiment, that ministers dread the accusation of shedding the blood of the people, and that prefects are afraid of being made scapegoats in the event of anything untoward occurring, and they redouble their provocations accordingly. The unhappy police are expected to maintain order, but upon condition of doing nothing of what is necessary in order to effect this object.

Troops are sent to preserve order, but are kept in concealment, and, although the military regulations forbidding them to allow themselves to be disarmed are not repealed, both officers and privates know that they must suffer in silence and without a murmur. A series of experiments has convinced

the strike leaders that everything is permitted to them: if they commit offences or crimes in connection with a strike, they have the benefit of all kinds of extenuating circumstances. They fully appreciate their position, and are able to exhibit themselves as conquerors and to inspire the workmen with legitimate confidence, seeing that their tactics and proceedings are justified by success. If the government be obliged to institute a few prosecutions, an amnesty intervenes to stultify their results. The victims of the prosecutions know that repression is more apparent than real, and openly proclaim their knowledge.

Pathetic speeches, appeals to conciliation, and all the vague and honeyed sentiments which have emanated from the platform during the last twenty-five years with respect to every strike of the slightest importance, have ended, as was easily foreseen, and as I have always said they would, in putting premiums upon violence, in organising the aggressive tactics of the strike leaders and in elevating those tactics, through the agency of the leaders of the General Confederation of Labour, to the dignity of a system.

Every time that the elementary principles of law are lost sight of, similar results are arrived at. Those who, at the present time, give way to such weakness, are applauded as good and sympathetic people. In point of fact, they are playing the game of resolute men who derive their principal strength from the mildness of others, and they are not entirely exempt from responsibility for the brutality, pillage and sanguinary encounters which have characterised certain strikes. If the Government had always done its duty, the General Confederation of Labour would not be a power, and its leaders would not be able to talk of a general strike and of the right to damage industrial property and plant with the cool impertinence in which they indulge themselves.

III.

In France they all seem of opinion that the law relating to trade unions confers complete immunity upon leaders and members alike. While the English Trade Unions Act of 1871 is based upon the principle that a union can only exist on condition of being registered and of submitting to certain obligations as regards publicity, the Unions are under no restriction except that of making a declaration by two of their members. Once this declaration is made, they are free, and there is no existing method of controlling them. They are under no obligation, moral or material, to account for their proceedings. The Law of 1884 does not contain the article (3) of the Law of 1901 restricting the contract of association, which enacts that "every association founded for an illicit reason or in view of an illicit object, contrary to law and good morals, or the object of which may be to injure the national territory or the Republican form of government is void and of no effect." In point of fact the trades union is an anarchist association, carrying on its business in accordance with the views of those who conduct it, and those who do not approve of the conduct of those who administer it, have only one means of shewing their disapprobation, namely, that to withdraw.

The English Trade Unions are obliged to furnish a statement as to their property and the purposes for which their funds are applicable, the conditions under which any member may become entitled to any benefit assured thereby, and the fines and forfeitures to be imposed, and the provision for appointment of a general committee of management, and for the investment of funds, and for an annual or periodical audit of accounts.¹ Every registered Trade Union must transmit to

¹ Trade Union Act, 1871, Sched. i.

the Registrar, on or before June 1st of every year, a general statement of all its financial operations.¹ Every member is entitled to receive a copy of such general statement without payment.² The property of Trade Unions is vested in trustees who are responsible for its proper administration and are liable to be prosecuted for malversation or misappropriation of funds entrusted to them.³

The Act of 1871 was completed in 1875 by the Conspiracy and Protection of Property Act, which provides that :—

(Section 4). "When a person employed by a municipal authority, or by any company or contractor upon whom is imposed by Act of Parliament the duty, or who have otherwise assumed the duty of supplying any city, borough, town or place, or any part thereof, with gas or water, wilfully and maliciously breaks a contract of service with that authority, or company, or contractor, knowing, or having reasonable cause to believe, that the probable consequences of his so doing, either alone or in combination with others, will be to deprive the inhabitants of that city, borough, town, place, or part, wholly or to a great extent of their supply of gas or water, he shall on conviction . . . or on indictment . . . be liable to pay a penalty not exceeding twenty pounds or to be imprisoned for a term not exceeding three months, with or without hard labour . . ."

(Section 5). "When any person wilfully and maliciously breaks a contract of service or of hiring knowing, or having reasonable cause to believe, that the probable consequences of his so doing, either alone or in combination with others, will be to endanger human life, or cause serious bodily injury, or to expose valuable property, whether real or personal, to destruction or serious injury, he shall on conviction . . . or on indictment . . . be

1 Ibid, §16. 2 Ibid. / 3 Ibid, §8.

liable either to pay a penalty not exceeding twenty pounds, or to be imprisoned for a term not exceeding three months, with or without hard labour.¹

It is evident that the strike of Paris electricians was intended to injure public order; consequently it had not the economic character of an ordinary strike. It is clear that the strikes of persons employed in the supply of food and upon railways or in gasworks, with which we are threatened, are not strikes of an economic, but of a political order. The leaders of these strikes put into practice the theory of violence as set forth by M. Georges Sorel. Their object is to frighten the bourgeoisie and thereby to dominate the public services. The more these are disorganised, the easier this operation becomes.¹

IV.

The leaders of that section of the Socialist movement which operates by "direct action" have manœuvred with great skill. They have penetrated among the instructors at the "Ecoles Normales," who, after mastering certain manuals without testing the assertions contained in them in the light of facts, are admirably prepared for the reception of a few complementary formula, composed of a medley of Socialist and anarchist principles.* They have also attempted to attack the army, and we now know how far they have penetrated.

The example of the instructors at the "Ecoles Normales," encouraged the strike of post office employees. We see various associations of officials in agitation who, under whatever name they go, give evidence of a movement which, unless it be checked, will lead us to the administrative and political dissolution of this country.

As a first and simple measure, the Government

¹ "Reflexions sur la violence," see *infra*, chap. ix.

should call the attention of all its employees clearly to the following principles :—

- (1) At the moment when they obtain an employment in the public service, they know its advantages and its burdens. If the conditions do not suit them, they can resign. The State does not retain them by force, and there is no lack of substitutes.
- (2) If they go out on strike, they commit a breach of the contract of service, thereby forfeiting all the advantages they have obtained, including their right to a pension.
- (3) If they adopt an attitude of a nature calculated to compromise the service with which they are entrusted, it is impossible for them to continue in that service. They exclude themselves from it by their own act.

What really matters is that a similar spirit should have penetrated into the government and the administration; the audacity of certain teachers and employees is derived from the fact that they reckon upon support in Parliament, and upon the hesitation of ministers at certain times. If they were convinced that every grave infraction of discipline and of professional duty would be repressed, without passion but also without weakness, the handbill of the Central Committee would not be displayed on walls and in the newspapers, and we should not have been treated to the interviews with M. Nègre and his associates. But these manifestations are instructive, because they prove that employees, paid by the taxpayers, place themselves in opposition to them in order to raise the net cost of the services which they perform, and that, instead of considering themselves as entrusted with a mission, they imagine that administration is an end in itself, instituted for their own particular benefit.

If there is a post office, its duty is to secure that my correspondence is efficiently dealt with and

not the convenience of the junior postman. The post office is not organised for them, but for me, who pay for it; and if they are dissatisfied, let them give up the salaries with which I, as a taxpayer, am obliged to supply them.

CHAPTER II

THE SOVEREIGNTY OF THE STRIKERS

Tyranny of strikers—Fressenville—Montluçon—Mines of the Pas-de-Calais, according to M. Clemenceau—Necessity for armed force—Orders to police and military—Claim to monopoly of labour during a strike.

- i. Strikers in a particular locality claim to coerce all workmen belonging to that locality into a strike, and to forbid others who are strangers to their organisation to replace them.
- ii. They imagine that the existence of a strike hands over to them the government of the country.
- iii. The criminal elements of the population intermingle with the strikers, and lead them to the worst excesses.

EVERY government is under an obligation, under pain of abdication, to assure a minimum of security and to safeguard at least the appearance of freedom of labour. It cannot permit incitement during every strike to acts of incendiarism and pillage such as were witnessed at Fressenville on April 11th, 1906. It therefore employs police and troops and has to proceed to arrest a few imprudently violent spirits. Thereupon those who

sympathise with the strikers immediately say what the supporters of the Sisters of the Convent of St. Esprit said, and characterise their acts as the 'provocations of the Government.' A few recent examples will prove the truth of these assertions.¹

From April 6th to May 21st the town of Montluçon was in the hands of a small body of strike leaders who, thanks to the cowardice of the authorities charged with the duty of ensuring order, terrorised the bulk of the population and interrupted work from April 30th. A force of soldiers was despatched, but was shut up in the factories; the Labour Exchange ("Bourse du Travail") was allowed to order the tradesmen and proprietors of cafés and restaurants to close their establishments on pain of pillage and destruction. On the following day, patrols of strikers were allowed to stop the workmen or to refuse to allow them to proceed without permits, for which they were obliged to pay. The leaders felt themselves to be masters of the situation to such an extent that they put up tents, which they furnished and heated in front of the establishments which they placed under an interdict.

M. Clemenceau, in his speech at Lyons in April, 1906, gave a description of the acts of violence which were being perpetrated at the same moment in the mines of the Pas-de-Calais, in the following words :—

"Can they tell me that to ransack the houses of the workers, to pillage farms and markets, to drive women and children from their homes, to drag into the public square a wretched woman, with tattered garments, whose only crime is to be the wife of a man who remains at work, to seize miners on their way home from a mine and make them carry insulting placards, to force them to their knees with blows and constrain them to ask for pardon for having

¹ *Revue Internationale du commerce, de l'industrie et de la banque*, 30 juin, 1906.

worked, and join the ranks of idlers for their crime—can they tell me that these are acts which a Government is unable to repress without denouncing itself as a Government of reactionaries?"

M. Clemenceau had often reproached various Ministers with having sent troops to the scenes of strikes. He was himself obliged to send 60,000 men to the Pas-de-Calais and the Nord.

But when the mob sees officers, privates and police resigning themselves to insults and to threats, it proceeds to assault them, and when it is impossible to order military and police to submit to be disarmed, wounded and killed without resistance, the result is a number of casualties.

The Socialists have introduced a new theory as regards strikes. In connection with the dock strike at Marseilles, M. Jaurès said, on July 5th, 1904:—

"We, as Socialists, have always proclaimed that a strike suspends, but does not put an end to, the contract of labour: that a relationship, a bond, subsists between an enterprise and its workmen, even when they are on strike, such as prevents its proprietor from calling in other workmen in the place of those with whom it is his duty to negotiate, except by a veritable abuse of power."

According to this theory, the wage-earners are entitled to stop work, but the employer must consider them as irremovable. They have left the work which it was their duty to perform; their employer remains permanently bound to them, the work which he requires remains their property and he has no right to give it to others. Thus a trader, A, may refuse to sell a particular commodity at a price, X. The would-be purchaser is not to have the right to buy the same article at a lower price from B.

If the employer is unable to satisfy the requirements of his workmen on strike, and if he be permanently bound to them, he has but one resource—to close his works. Would M. Jaurès,

in such a case, consider that the workmen have a perpetual monopoly of the work which is not to be carried out there?

This theory of the law was adopted by the committee which proposed the draft law relating to the contract of labour introduced by M. Doumergue on July 2nd, 1906, and adopted by him. The Rheims "Conseil de Prudhommes" has followed an example derived from such high authority.¹

Some new legislators will be logical and propose that workmen be paid wages during a strike or that they should at all events draw sums by way of indemnity for the stoppage of work, for if they are out of work, this is due to the ill-will and stupidity of the employer, and must be taken into account accordingly.

¹ See "Le Temps," March 28th, 1907. The "Conseil de Prudhommes" is a tribunal for the settlement of disputes between employers and employees.

CHAPTER III.

THE NATION AT THE SERVICE OF THE STRIKERS

- i. Weakness as regards strikers—Post office employees—M. Maujan's theory—The taxpayer supports the strikers—Arbitration—Weakness of the magistracy—Notice.
- ii. Subsidising strikes—First demand for a subsidy in 1884—My arguments in opposition.
- iii. Arbitration by an independent third party.
- iv. The strike terror.
- v. Above the law.

I.

THE development of crimes and offences committed in connexion with strikes is attributable to the weakness of the public authorities.

At the end of the first strike of post office assistants a number of postmen were cashiered. On June 23rd, 1906, some Deputies took steps before the President of the Cabinet with a view to their being reinstated. The Prime Minister relied upon the necessity of discipline, whereupon M. Maujan displayed a singular conception of government by exclaiming that "the representatives of the nation can grant what the Ministers withhold." All the postmen, including a number who possessed all the qualities which entitled them to be turned out, were reinstated, so that the post office employees formed the conviction that an undesirable employee, burdened with charges of the gravest kind, has only to place himself at the head of a movement, whereupon he becomes sacrosanct, no one can touch him, and he will give orders instead of receiving them. Employees of this kind take up the position of those Chinese rascals who become converted to Christianity in order to obtain the protection of the missions. They can commit crimes and offences with impunity, and if a Chinese magistrate interferes with them, they cry out that they are being persecuted.

II.

During the strike at Fourgères, on January 11th, 1907, M. Betoulle put forward a demand for a subsidy of 100,000 francs for the strikers; the Minister of Labour declared that the Government recognised the urgency of the motion, and M. Lefas, the Deputy for the district, gave his support. Assuming the number of workmen to have been 6,000, this would only have amounted to 16fr. 66 per man: the gravity of the proposal lies, not in the amount of the proposed subsidy, but in the principle involved. It causes the intervention of the public authority in favour of one of the parties to a dispute, increases the influence of the strikers, and engenders in them illusions of a deceptive nature.

The question first presented itself in 1884, in the Paris Municipal Council, with reference to the strike at Anzin, upon a proposal to vote a subsidy of 10,000 francs. I opposed it and obtained its rejection, by 55 votes against 29, by means of arguments which I venture to reproduce.

M. YVES GUYOT: I entreat you, gentlemen, to reject this proposal, in order to remain faithful to the principles of political liberty from the economic point of view, which you have adopted in the Municipal Council.

M. JOFFRIN: Not I.

M. YVES GUYOT: If you now intervene between employers and workmen you will give the lie to the principles to which you have rallied. Let each individual intervene individually in favour of the miners and do what he chooses. (Applause.)

We can only intervene with the money of the taxpayers. If you intervene in contracts existing between particular parties, under the pretext of an existing strike, there is no reason why you should not take part to-morrow in other strikes, and continue to do so without exception. For why should you withhold your concurrence from any single one of them? You would have a perpetual interven-

tion of the Council in particular agreements. We can no more subsidise the workmen than we can subsidise the company . . .

You are asking for a policy of repression in advocating the intervention of the City of Paris.

Actuated by feelings of pity, you propose a subsidy of 10,000 francs. What are you doing? You are going to decoy the miners and engender deceptive illusions in them; you are going to induce them to believe that the City of Paris is committing itself in their favour.

The intervention which is being proposed to you to-day is a disgraceful one . . .

If I were to adopt this policy, I should not be content to ask for 10,000 francs, for, when these 10,000 francs are exhausted, what are you going to do? 'If you want to adopt an effective measure, decide to place 100,000 francs weekly at the disposal of the miners' families.

M. JOFFRIN: This provision would be rejected in the same way as mine.

M. YVES GUYOT: The mine, whatever you may allege, constitutes a piece of individual property, and the concession at Anzin was originally granted to a number of private individuals.

They talk of profits realised. 'It would seem as though some Frenchmen have no other wish than to see all their fellow-countrymen ruined in all their undertakings. For my part I regret that there is not a large number of mining companies in existence which have realised the same amount of profits; this would be better than to find that 45 per cent. of the concessions are not being worked, as stated by the Commission of Inquiry of 1883.

I suggested to the Municipal Council that, to be logical, they ought to open a special account, entitled, "Premiums and Encouragements to Strikers." My ironical suggestion has been realised. The seventh Municipal Council subsidised no less than twenty two strikes. It gave 2,000 francs to the strike of match-makers, who are in the employ of the State. I do not know whether the Prefect

approved of this intervention of the Municipal Council against the Government. On July 11th, 1891, the Council had voted a grant of 10,000 frs. to the employees of the Orléans Railway, who were on strike, and on July 24th a grant of 20,000 francs to the railway employees generally. These two resolutions were overruled, but the administration was not equally firm in all cases. It compromised by only distributing funds to the strikers' families after the strike was over; as though, by this hypocritical expedient, they could avoid giving moral and material support to the strike.

So clearly was it the desire of the Municipal Council to assist the strikers that M. Mesureur, the proposer of the subsidy for the strike at Decazeville, which had been preceded by the assassination of M. Watrin, said in the Municipal Council, "Something more is wanted than a platonic manifestation of sympathy with the miners. What is wanted is active help."

While the Municipal Council was thus subsidising strikes, the question was raised for the first time in Parliament on November 25th, 1889. M. Ferroul introduced a proposal intended to open a fund of 150,000 francs for the assistance of the victims of the strikes in the Nord, the Pas-de-Calais, and at Tours. As Minister of Public Works, I gave the same reception to this proposal as I had given five years previously to that which had been put before the Paris Municipal Council. When I said that "a strike is a voluntary act," I was violently interrupted from several benches on the extreme left. But I asked again whether we were to "make a Budget" in favour of strikes, and whether we were to adopt the rule of the "subsidising of strikes by the State." The proposal was rejected by 364 votes to 117.

The principles invoked for its rejection have not altered, and it is interesting to note that at the time when the subsidy to the strikers of Fougères

was proposed to be taken as urgent, no one recalled them.

III.

Strikers ask for arbitration. It is their principal watchword. They even ask for compulsory arbitration. But they will only accept it on terms favourable to themselves. "The trade union at Lens will decide to-morrow whether the miners are to give way or whether they will continue the strike." (November 8th, 1902).

I do not admit that an independent third party can regulate the relations between employers and employed: he is not responsible for the termination of contracts. But in the event of an arbitration, work should be resumed simultaneously with the commencement of the reference.

All the successive governments since 1892 are in part responsible for the crimes and offences committed in connection with the strikes. It suffices for a strike to be partially apparent for them to feel themselves in danger, and rightly so, thanks to the idleness of the public and to the ignorance and cowardice of a number of Deputies. They forget that their duty is, not to serve the interests of the strikers, but to ensure the security of property and of persons.

Naturally officials who feel that they are not protected by their departmental chief have only one preoccupation—to avoid "incidents." If one striker were killed, this might mean the administrative decease of the Sub-Prefect. His only preoccupation is to come to terms with the strikers and to be able to assure the place Beauvau¹ that all is for the best "in a model strike," as M. E. Combes said in speaking of the agricultural strikes in the South of France.

On May 3rd, M. Sarraut, Under-Secretary of State, said in Paris, he "had good news from

¹ Where the Ministry of the Interior is situated.

Montluçon, that order was not disturbed." The strike ended on May 21st. What punishment overtook the officials who sent information of this character to the Ministry of the Interior? And finally, are the leaders of the Labour Exchange prosecuted who have committed the offence of suspending traffic in a town and of usurping all public functions?

It appears as though in France we suppose that the courts have no existence when there is a question of acts done during a strike, and that the organisers and leaders of strikes are inviolable, and we see the rise of a new order of privileged persons, above the law and outside its operation.

The magistrates also incur their share of the responsibility. The penal code strikes with greater severity at offences committed in association than at those committed by isolated individuals. But when it is a question of bands of strikers, this aggravating circumstance becomes an extenuating one. And the magistrates seem to think it lawful that persons in combination should threaten, strike and ill-use men, women, and girls who are guilty of wishing to work.

How are the magistrates to display energy, when they stand in fear of the weakness of the Ministry in the Place Vendôme? And why should they display energy? Would not their sentences be set aside by one of the amnesties which appear with such regularity that they can have no other result than to annihilate justice? Acts committed during strikes and in connection with strikes and always included in such amnesties. Truly, the leaders of strikers would make a great mistake if they were to restrain themselves.

CHAPTER IV

THE ELECTRICIANS' STRIKE

- i. Unforeseen darkness—Ignorance of the police—Possibility of replacing electrical workmen—Works left unprotected—The public service—Causes of this strike—800 electricians against the Paris Municipal Council—Legality of the strike according to M. Jaurès.
- ii. A third party cannot put an end to a contract entered into by two other parties.

I.

ON Friday, March 8th, 1907, shortly after five o'clock in the afternoon, it was observed in parts of Paris that the supply of electricity had failed. Lifts stopped suddenly, cafés, restaurants and a portion of some of the great streets of Paris, to say nothing of private houses, were plunged in darkness.

The President of the Council, M. Clemenceau, has told us that he felt the same surprise as the ordinary passer-by and that the existence of the strike was only revealed to him by the extinction of the lights in his study.

How is this possible? We have a formidable Prefecture of Police, doubled in power by the detective service, and despite the millions which are spent upon these institutions and the numbers of agents employed by them, no one suspected an act which had been determined upon overnight at the Labour Exchange and had been the object of a circular addressed in the morning to some hundreds of men. Was there incapacity or complicity on the part of the police? This is the first problem to suggest itself.

Paris remained in darkness during the Friday night. No effective measures were taken to make the generators work. M. Jaurès complained of M. Clemenceau's whims in sending soldiers to replace the defaulting electricians. But this was not

the case; not a single soldier had been sent on the Friday evening, and it was on that evening that they ought to have been despatched to the generators, which ought to have been at work by eight o'clock.

The majority of the workmen employed are not men with technical knowledge whom it would have been difficult to replace; they are merely stokers, and one is therefore entitled to ask why the authorities made no attempt to replace them. The answer is a simple one. They were afraid of being attacked, and they could not obtain workmen unless the latter felt themselves to be protected. Now, were the electrical works protected? Were they immediately occupied by troops? The night between the Friday and the Saturday remains full of obscurity.

In the discussion which took place on March 11th between M. Jaurès and M. Clemenceau, M. Jaurès declared that there was no question of a public service. Nevertheless in the strike of the Southern Tramways, the strikers relied upon the public character of the service to demand the forfeiture of the Company's concession. M. Jaurès seems to think that there can be no public service except on condition that the State or the Municipalities carry it on directly. He confounds the means and the object.

M. Jaurès, who is a doctor of philosophy, is familiar with all the subtleties of the schoolmen which are useful for giving the go-by to questions of difficulty.

But what was this strike all about? The strikers wanted to bring pressure to bear upon the administration and the Municipal Council in order to obtain more advantageous conditions of wages and of pensions from the holders of the concessions who employed them. Consequently the very motive of their strike implies a recognition by

them of the character of the service in which they have a part to play.

This strike at the same time shews the error committed by the administration in paying attention to questions of this kind. If an administration is willing to determine the wages and conditions of labour of the employees of a company which works a concession, why does it not also pay attention to the prices at which such a company ought to pay for its coal, machinery, raw material and tools? This would be all the more justifiable in that, by forcing them to pay higher prices for them, it would give a reason to the miners, mechanics and other workmen employed by the firms which supply the company for obtaining an increase of wages.

All these proposals can have but one result—to make the taxpayer pay more dearly for a service of a public nature; and, if the end be attained, the result implies that a contribution is levied upon everyone for the benefit of a small body of wage-earners, who become a privileged class. It is the organisation of privileges for the benefit of a few and to the detriment of all, while democracy must stand for equality, and imply government by all.

Thus a form of oligarchy is introduced, and this fact alone demonstrates the flagrant contradiction which exists between Socialism and Democracy. In a Democracy, inasmuch as the administration and the Government represent the common interest, it is not for them to trouble themselves with the relations between the holders of concessions and their employees; they need have one preoccupation only—to secure a supply of electricity to the Municipality and the consumers at the lowest possible price. The Municipality only had the right to interfere in the fixing of this price in exchange for the wayleaves which it grants over the public highways.

In his interpellation on March 11th, M. Jaurès

repeated over and over again that the strike was legal and that its organisers had respected the law. Is this so? Did they not declare the strike without a moment's notice? Was not their going on strike done by surprise? Yet there is an obligation to give notice in the electrical, as in other industries. They paid no regard to it, and consequently did not respect the law in the manner attributed to them by M. Jaurès. One knows who were the organisers of the strike. MM. Griffuelles, Yvetot, Passerieu, and some others proudly laid claim to the honour. They should also have borne the responsibility.

The holders of the concessions ought to have brought actions against them and claimed damages. They did not do so, and thereby gave fresh strength to the organisers of "direct action," since the latter have obtained fresh proof that they can with impunity persist in practices which, far from prejudicing them, increase their notoriety and importance.

But employers of labour and traders, among those who suffered damage, ought to have brought actions against the holders of the concessions. The latter would have taken refuge in a plea of *vis major*, but would have been ordered to institute proceedings against the organisers of the strike without delay, and we should have seen what relief the law can give.

When an event occurs such as the electricians' strike, people agitate and demand fresh legislation, and Parliament sometimes doubles the number of existing laws or manufactures bad ones. But one ought first to inquire whether legislation cannot force its authors to incur some responsibility. Speaking generally, it is not the laws which are wanting, but the moral energy of those who ought to apply them.

In this connection, the General Confederation of Labour supplies a remarkable example. It knew

how to act. It knew, down to the smallest detail, how to lead the electricians, but, manufacturers and traders also, have trade combinations. What advantage did they take of the fact? They remained passive, and the General Confederation of Labour was able to justify the strike by saying, "We had only to act in order to obtain what we wanted. Everyone capitulated before us."

If the law be insufficient, it must be amended.

II.

When the holder of a concession is unable, in accordance with his contract, to put an end to a contract of service, it is impossible to admit that third parties may do so. The contract would no longer depend upon the will of the contracting parties, but upon persons who are not parties to it and who have so far been declared free from responsibility for an act which the parties interested could not do themselves.

CHAPTER V

THE TYRANNY OF MINORITIES

At the general expense—Municipal workmen—Gas-workers—10,600 privileged workmen at the expense of 564,000 others—A minority imposing its will upon all—Particular as opposed to common interest.

IN connection with the electricians' strike I called attention to the fact that the class struggle was opposed to the conception of democracy. The object of democracy is liberty and equality; every individual should be free and possessed of equal rights. There should be no castes in the enjoyment of privileges and able to exploit others for their own advantage.

Now, the object of the electricians' strike, the threatened strikes of workmen employed in other public services and finally the trade combinations of officials and instructors, is to make everyone pay for advantages accorded to a few. The workmen employed in municipal services enjoy a privileged position under the pretence that the City of Paris ought, like the State, to be a model employer, with this difference, that its resources are derived, not from its capital, but from the ratepayers. This privileged position extends to workmen employed in municipal concessions. The favourable conditions accorded to the gasworkers cost the consumers of Paris four millions of francs. I do not yet know the cost of the concessions made to the electricians. But the figures are of less importance than the principle. The workmen who enjoy these advantages are 10,600 in number, out of a total of 575,000. This proves their audacity, but there should be some margin between audacity and success.

Now the 564,400 are ratepayers. They pay the *octroi* for their meat, fish, butter and coal. It is to their interest to have public services for their

money, that is to have them at the lowest possible price, and the workmen of the City of Paris and of the Municipal Services make them pay more than the current rate of wages would require. The 564,000 workmen are mostly in receipt of less wages than those who are employed in the Municipal services, they are not entitled to pensions or leave; and have not the certainty of employment on every day of the year. What is the result? The workmen who are less well-paid than those who have succeeded in enlisting in one of the Municipal services, pay for them. And these, who form only a small minority of less than two per cent., claim to dictate to the public authorities and send forth this injunction—"If you do not obey, we will throw everything into confusion."

Evidence of this has been given by the workmen in the electric generating stations, following the omnibus employees, the merchant seamen liable to serve in the navy, the tramway employees and others. That a combination of interested persons should attempt, by the suspension of a public service, to impose its will upon a deliberative body and an administration representing the general interests of the community is an intolerable form of tyranny. It is the claim of a minority to dominate the majority. By having recourse to the procedure which they have employed, the strikers call attention to the antagonism existing between their own particular interest and that of the community at large.

Where the public only suffers from indirect reverberations, it does not always notice them; but when it is directly affected, it understands that, as between itself and the striker, there is not community, but opposition of interests.

It is a good thing that this should be from time to time demonstrated, since there are so many

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people who are unwilling to learn from experience except it be at their own expense. The post office employees had already given an object-lesson, the electricians repeated it, and the General Confederation of Labour is giving a general idea of the delights to be provided by the general strike which they are announcing and preparing. They are organising the tyranny of minorities.

CHAPTER VI.

DESTRUCTION OF PROPERTY AND PLANT AND THE GENERAL STRIKE

Theory of "Sabotage"—The general strike—Common ownership of works—Direct action.

THE leaders of the Confederation of Labour have openly confessed their intentions in interviews published by the "Matin" newspaper.

M. Pataud, general secretary of the trade union of employees in electrical works, says:—

"If there is no right to strike without the right to destroy industrial property and plant (*le sabotage*) we are going to exercise it. And the Government alone will bear the responsibility, as it assumes the responsibility for our anti-militarism."

M. Merrheim, a member of the General Confederation of Labour, says:—

"Yesterday's surprise is only the prelude to to-morrow's. We are going to work every day with greater fierceness to prepare that to-morrow, and neither a Clemenceau, a Briand, still less a Viviani will prevent that 'to-morrow' from being what we wish."

"No more laughter, exploiters and capitalists; the surprise packet is open, and will only close in order the more completely to swallow you up!"

M. Yvetot, general secretary of the Confederation of Labour, says:—

"If they had not obtained immediate satisfaction, the gasworkers would have joined them, by way of solidarity. Paris would then have been shrouded in darkness. Imagine a simultaneous traffic-strike, and everything is said. Yesterday's experience, in the light of these observations, supplies the supporters of a general strike with a formidable argument. A general strike without barricades or bloodshed, is the sure and all-powerful arm of the revolution."

M. Sousquet, secretary of the trades union of persons employed in the provision trades, says:—

"Four or five bodies in France have the power by themselves of preparing a revolution, or at least an economic convulsion attended by enormous consequences. To take an example. Supposing that by an understanding among the proletariat, the possibility of which has just been demonstrated, the lights were to go out in the greater towns, as has just happened in Paris; the supply of gas were to fail; the water were to give out; and the telegraphs, the post and telephones were to cease to work, how would the central capitalist Government know what was going on in the provinces, and give its orders? Furthermore, if the food supply were also stopped, what would happen?"

"I conclude that the Government, such as it is, is obliged to reckon with the power of the workmen, for the very good reason that, while it is preoccupied with an economic object, there are people who see a different one—the object of demolishing capitalist society."

M. Griffuelhes, of the General Confederation of Labour, also sees a presage of more important events in the electricians' strike. Like M. Merheim, he has put his views into writing:—

"The conscious act of the electricians enables one to deduce an identical act by the gas workers, finally disembarassed of the preoccupations of politicians, of which certain individuals take advantage: it gives one a glimpse of the day when the post office employees shall perform a labour of wisdom of a preventive kind, when the unhappy slaves of the Metropolitan shall paralyse its traffic, and the railway employees shall have awakened and shall stop the engines from running. The day that sees these crises will come, whatever be the present conditions, just as the day came which saw Paris without light or electrical power."

"On that day, our bourgeois will experience 'emotions' of a more intense and lively kind than those of the last few days."

Another, M. Passerieu, assistant secretary of the electrical trade union, says:—

"But are we not joint proprietors in M. Sartiaux' works? Have we not incorporated our labour in them? Here is wealth which we have assisted in creating and developing; we want our share of it. If the soldiers make themselves the slaves of capital in order to keep our lawful portion from us, they become enemies in our eyes. So much the worse for them. We are going to use every means to prepare for the equitable distribution of wealth. And 'every means' is 'direct action' and the destruction of property. When the workman feels himself tortured by hunger, in sight of the wealth which he has himself produced, he meets the capitalists' crimes with just reprisals, or rather by the most legitimate of legitimate defences."

This is how the leaders of the Confederation of Labour believe that the destruction of property can be practised with impunity and that when it is practised, those who have carried it out will have leisure calmly to contemplate its effects.

They declare that they are preparing "direct action" and a "general strike," and they believe that "capitalist society" is bound to let them do so.

A little later, M. Griffuelhes gave the following indication of the procedure of the General Confederation of Labour:—

"What are statistics? What do they prove? Certainly numbers count in politics, and a vote is a factor not to be despised. In politics, it is possible to make calculations, to say that $1=1$. But we are not politicians; we believe in a social transformation by means of workmen's combinations. Our weapon is not the ballot, but the strike. Therefore it cannot be said that a statistical calculation of the number of our adherents will yield any information whatever for the purpose of calculating the importance of a strike."

Here are 10,000 weavers who have been on strike for six weeks. They obtain no satisfaction because the shops which are supplied by their employers contain an inexhaustible supply of material. In

revenge for this, 700 to 800 electricians stop work for two nights. They obtain entire satisfaction. Cannot we say, then, that 700 are more than 10,000."

What M. Griffuelhes calls politics is the power of the vote. The military assumption that victory is on the side of the big battalions has been transferred to the solution of political and legal questions. Units are counted on the supposition that they are all of the same order, and that the greatest number triumph.

But M. Griffuelhes is not a supporter of these pacific means. He counts up his troops and selects them, and says that by concentrating his attack on some particular point, with particular combatants, he is able to interrupt the working of the social organism.

This is quite correct. M. Griffuelhes is a conspirator of the same kind as Blanqui. But Blanqui still relied on guns and swords, whereas M. Griffuelhes means to employ other methods such as our penal codes has not foreseen, while the law of 1884 has placed the trade unions at his disposal as fighting organisations. This points to a gap which will have to be filled up and it is not so large as he imagines.

In any case, he and his associates are candid enough to declare that the strike is a method of carrying on the social war, and that they are to be looked upon as belligerents.

The government, which fails to justify its existence, if it does not guarantee the general security against enterprises of this character, must fortify itself with the laws necessary to resist them and must apply them. Since the law of 1884 contains no restrictions of this kind, trades unions give themselves up to their manoeuvres with the accompaniment of violence, as though their acts become lawful when committed by their members.

The law does not give the Government any

means of ascertaining the number of persons of which a trades union is composed, or what such unions are doing, and has thereby legalised the existence of secret societies.

CHAPTER VIII

LABOUR EXCHANGES IN FRANCE

Subsidising the arsenals of the social war—The Labour Exchange versus labour—The Labour Exchanges versus the State—Inspectors of labour and the Labour Exchanges.

Not only does the "infamous bourgeoisie" tolerate the organising of a general strike, it contributes to it, subsidises it, and supports it.

In Paris, the bourgeoisie places a municipal edifice at the disposal of the agitators, paid for by the ratepayers of Paris and supported by them. By its help the leaders of the trades unions are supplied with allowances, heating, lighting, etc. For what purpose? To enable them to prepare for such events as the general strike. It is there that men can be heard declaring that, if they are resisted, they will organise a sanguinary insurrection; they announce that the electricians will have recourse to the destruction of property which, in their case, will consist in the organised making of short-circuits accompanied by fires and explosions as the necessary consequences; they announce that the strike of March 8th, 1906, was only a first attempt, but that they will take care, on the next occasion, to have the gasworkers with them. They give notice that in future, whenever a Municipal Council, a Parliament or a Government, declines to submit to one of their demands—demands which are always made in the name of a minority contrary to the general interest—they will have recourse to some means of this kind until the final catastrophe is attained, of which they allow their dupes to catch a glimpse, just as prophets of the millennium gave hints of the last judgment.

They quietly prepare this work in a Municipal palace, at our expense; and scattered over various

districts of France there are one hundred and twenty-four other Labour Exchanges, so called because they are solely pre-occupied with strikes, all of them supported in the same way, by the municipalities. The members of the General Confederation of Labour are justified in being full of scorn for a capitalist society which gives them so large and devoted a measure of assistance towards its own destruction.

I denounced the Labour Exchanges in the Chamber of Deputies on May 8th, 1893, and my speech caused them to be closed. M. Mesureur reopened them in 1895, with the result that the disorders took place which M. Rousselle denounced in the Paris Municipal Council. But they are still subsidised and their heads declare that "the Labour Exchanges have entered into acute antagonism with the State."

In a circular dated January 19th, 1900, M. Millerand, Minister of Commerce, instructed the inspectors of labour to enter into communication, either personally or by letter, with the secretaries of the Labour Exchanges and to request them to inform him of all violations of the laws for the protection of labour. M. Viviani repeated these instructions and ordered the inspectors to "ask the trades unions to report violations of the law relating to the weekly day of rest, and to give effect, as promptly as possible, to the information they might receive."

The Labour Exchanges carry on the tradition of the Revolutionary Committees of 1793, which were originally charged with the surveillance of suspected persons and finally with the duty of arresting them. If ever a law be passed against employers of labour, similar to the "loi de prairial," they will be quite ready to carry it out.

CHAPTER VIII

THE AMERICAN "LABOR UNIONS"

The "Western Federation of Miners"—Murder of Mr. Steunenberg—The "Martyrs in the cause of Labour"—Attacks upon Mr. Roosevelt—The "Western Federation of Miners" dictates a verdict—The Haywood case—Fear of being summoned to serve on a jury—Intimidation of magistrates—The right to commit crimes.

I HAVE spoken on several occasions¹ of the American "Labor Unions," whose policy may be summed up as—monopoly of labour for the trade unionists and right to boycott non-unionists and employers who oppose their commands. They do not improve with age.

Mr. Steunenberg, Governor of Idaho, was killed by a bomb in the beginning of 1907. Moyer, the president of the "Western Federation of Miners," Haywood, the treasurer, and Pettibone, a member of the executive committee, were prosecuted as accomplices in the murder, which was committed by one Orchard. The "Western Federation of Miners," in conjunction with other "Labor Unions," immediately organised demonstrations, in which the accused were represented as "martyrs in the cause of labour."

Mr. Roosevelt, in a letter to Mr. Sherman, a Member of Congress, stated that the accused were "undesirable citizens." These words redoubled the zeal of their partisans, at whose head was V. Debs, who had attained to notoriety by his violence in 1893 during the Pullman strike, as president of the "Amalgamated Railway Union." They reproached the President with venturing to influence the jury, as though the conferences and meetings held in favour of the accused were not directed to any such purpose. Still, they declared that "death cannot, will not and shall not claim our brothers." Did

¹ See "Les conflits de travail et leur solution."

their brothers kill Governor Steunenberg, or not? That was not the question. The only question was that which President Roosevelt in his letter to President Jackson put in the following words: "You and your associates are not asking for a fair trial, but are dictating a verdict, and this cannot be approved." What they required was that a fresh crime be added to the preceding ones and, in order to obtain this result, they incurred the guilt of exciting to violence and assassination. Can men be considered as ordinary labourers who lend themselves to such culpable proceedings? And do they deserve any other epithet than that of undesirable citizens?

The first case, that of Haywood, was tried at Boise City, Idaho. Orchard, who was prosecuted independently, gave evidence. He deposed to the complicity of Haywood, Moyer and Pettibone in the murders of a detective at Denver and of two mine superintendents, in the blowing up of the Independence Railway Platform, Colorado, which caused the deaths of thirteen non-unionists, and in the assassination of Governor Steunenberg. He obtained sums of money from the leaders of the "Western Federation of Miners" for each of his crimes. He made unsuccessful attempts upon Mr. Peabody, Governor of Colorado, upon Judge Gabbert, of the Supreme Court of Colorado, and upon several other persons who had incurred the displeasure of the "Western Federation." Orchard's evidence was supported by evidence of comings and goings, both before and after each criminal act, which proved his relations with the leaders of the Federation.

The defence before the jury was in entire conformity with the proceedings at the meetings which had protested against the prosecutions. One counsel denounced the "vipers and vultures" of Wall Street." Another declared that the conviction of Haywood would be looked upon as "an injustice

and as the consequence of a vile and murderous aggression on the part of unscrupulous capitalists."

The "Western Federation of Miners," after Orchard had given his evidence, identified themselves with Moyer, their president, Haywood, their treasurer, and Pettibone, a member of their executive committee, by re-electing them to their offices.

Senator E. Borah, an energetic supporter of the prosecution, put the matter in these words—"they have killed Steunenberg in order to show that they never forgive an enemy." And he added that the defence was nothing but an apology for the murder of the representatives of the law.

On Saturday, July 27th, 1907, at eleven o'clock in the morning, the jury retired to consider their verdict. Their deliberations extended until the Sunday morning at eight o'clock. One knows that in the United States, as in England, the jury must be unanimous. Four jurors found Haywood guilty, while eight were in favour of an acquittal. Time was needed to convince the four jurors that Orchard's regular interviews at Denver, before and after the crimes, were merely coincidences, that Haywood had never known the character of the man with whom he had been on terms of intimacy for a number of years, and that the prosecution was entirely due to the machinations of capitalists.

The verdict of the jury was a surprise even to Haywood's friends and created a profound impression in the United States. No fair-minded man, whether friend or enemy, attributes it to concern for justice and truth; everyone looks upon it merely as a confirmation of the instructions given to the jury to acquit, given by the demonstrations against which Mr. Roosevelt protested.

The day after the acquittal, all the Labor Unions of Denver decided to give this "martyr in the cause of labour" a triumphal reception. On August 3rd a deputation appeared at the station. Haywood got into a car drawn by six white horses, from which he

delivered an address to the 30,000 men who had met to do him honour. It was announced at the same time that the prosecutions of Moyer and Pettibone would be dropped. The members of the Labor Unions were confirmed in the conviction that they are inviolable because they are to be feared.

All jurors are not heroes. Mr. John Cummings, of Chicago, relates that in that city, seven hundred summonses were necessary in order to empanel a jury in a murder case in which trade union leaders were involved. In the same city men guilty of violence in the course of a strike of draymen were all acquitted.

The magistrates are intimidated by moral pressure as well as by material danger. Whosoever ventures to disapprove of the unlawful acts of a Labor Union is at once denounced as an instrument of capital, devoted to suspicion and contempt. The arrest is an "outrageous and impudent invention of a lawless plutocracy." If a police officer arrest a member of a union who has committed a murder, he is denounced for having tried to distinguish himself "in order to earn blood money."

On the other hand, the judge who has grovelled before a Labor Union is pointed out as "an able and distinguished lawyer, a magistrate full of sympathy with honest men and a terror to all criminals." Even Mark Twain has never carried audacity and irony to this extent.

Each Labor Union constitutes a separate group, regulated solely by passions and interests which are opposed to those of the rest of the nation and of the human race. If it has the hypocrisy to disavow some of its acts, it none the less indicates to the judges, the juries, and the President of the United States that it has the right to commit crimes, and those who have the audacity to advance such pretensions do not represent one-tenth of the workmen of the United States.

CHAPTER IX

THE EXPLOITATION OF INTIMIDATION

M. Jaurès' schemes—The end justifies the means—Bûchez—The use of violence, according to M. Georges Sorel—Violence in strikes—The leaders of the Confederation of Labour are politicians—Parisian panics—Steudhal's saying—"Fear is not in the danger, it is in ourselves"—Social bankruptcy as an ideal—The socialist tyranny announced and realised.

ON May 2nd, 1907, my excellent friend M. Faubert encountered a member of the Confederation of Labour who occasionally condescends to have a chat with him. He asked M. Faubert, with a self-satisfied air, whether he had seen the "Humanité" newspaper.

M. Faubert: Certainly not, it is always lost in the same fog. I am still waiting for the suggested legislation promised by M. Jaurès in his speeches on June 12th and 14th, 1906. When challenged by M. Clemenceau, he announced that he would disclose the secret of the society of the future after an interval of four or five months. That time has now expired and I do not see what he is thinking about.

The Confederate: He cannot disclose them independently; they have to be accepted by the United Socialist Party.

M. Faubert: Then we shall never see them. But why did he give such an undertaking?

The Confederate: Because he has not yet submitted to the party discipline.

M. Faubert: Yes, the Socialist party gives its tenor every liberty, but does not consider itself as bound by him. I admit that the party is not distinguished by curiosity. Its members are content that the tenor should sing, "Come, let us march to Paradise," without asking him to describe the stages on the road or the plan on which this Paradise is constructed. However, from the moment when M. Jaurès scorns all the facts, and all the

economic laws which are derived from them, and believes that a positive law can do everything, it is his duty to put these positive laws into writing and to reveal them to the world. Jaurès promised ten months ago to bring them down from Sinai. Moses did not keep the Israelites waiting so long.

The Confederate: He will bring down the tables of the law, amid thunders and lightnings, which will make capitalist society tremble.

M. Faubert: I recognise the usual metaphors. M. Georges Sorel has likened the general strike, in the "Mouvement Socialiste," to the last Judgment in the Apocalypse; he declares that Christians have made such good use of it that Socialists, in their turn, should exploit the sentiment of mad terror and chimerical hope which it inspired.

The Confederate: All means are good.

M. Faubert: The end justifies the means. That is a Jesuit formula, adopted by a Catholic Socialist, Buchez, who tried to prove that the "sovereignty of the people" and the "sovereignty of the end" are identical.

The Confederate: That is ancient history. We are more modern now. Read the "Réflexions sur la violence," published by M. Georges Sorel, in the same review (January 15th, 1906, p. 18):—

"Experience shews that the bourgeoisie easily submits to be plundered, provided that a little pressure be applied and that they be frightened by the threat of revolution: the party which is able to handle the spectre of revolution most boldly will have the future in its hands—The workmen are able to inspire fear. The members of revolutionary trade unions know how to make excellent use of this situation, and they are teaching the workmen that it is not a matter of going to risk for favours, but that they must profit by the cowardice of the bourgeoisie to impose upon them the will of the proletariat.

M. Faubert: The will of the proletariat? That is a wide generalisation. You should say, the will

of a dozen leaders of the Confederation of Labour.

The Confederate: Certainly, it doesn't matter, for they act with the consent of the whole number, and, as Soré says, they have succeeded.

"The violence of the workmen possesses an extraordinary efficaciousness in case of strikes. The prefects are afraid of being induced to bring the force of the law into play against the violence of insurrection and bring pressure to bear upon employers in order to force them to yield: the safety of works is nowadays considered as a favour of which the prefect can dispose at will, in order to intimidate both parties and lead them with more or less adroitness to an agreement. There have not been wanting numbers of occasions upon which the leaders of the movement have seized upon this situation: we must recognise that they have made use of the weapon which was placed in their hands by a rare piece of good fortune. They endeavour to intimidate the prefects by popular demonstrations. . . . The administration, beset on all sides and terrified, seldom fails to intervene after a time with the employers and to impose upon them a transaction which becomes an encouragement to the propagandists of violence" (p. 29).

Here you see, in the actual words of the philosopher of the party, what has been the effect of concessions, negotiations, government meddling with strikes, interpellations in the Chamber of Deputies, and the conciliatory sentiments of tender-hearted persons. The only effect has been to teach people to use violence.

M. Faubert: That proves that the men who are at the head of the Socialist party are politicians who know how to take advantage of the weapons with which their adversaries supply them in the belief that they are disarming them.

The Confederate: You cannot blame them for that.

M. Faubert: I do not do so. They are acting within their rights, but I think that they are acting under an illusion in trying to terrorise the bour-

geoisie. M. Georges Sorel says, "experience shews that the bourgeoisie easily submits to be plundered." What facts can he cite in support of this assertion. When, on the contrary, it is a question of defending that property to which "the democracy clings with all its fibres," to use M. Jaurès' own words, it exhibits an energy which has never belied itself. There is no night of August 4th to be put down to the account of the bourgeoisie.

The Confederate: The question does not arise in the same manner.

M. Faubert: It does, in effect.

The Confederate: But would you deny the fear in the hearts of the bourgeoisie last year with regard to the first of May? Had not a number of people made preparations, while others went away?

M. Faubert: That may be, but that only proves that those people were lacking in confidence in the Government. They had no faith in its power to fulfil its primary function—that of ensuring internal security. The Government took certain measures, and if some of the bourgeoisie fled, the soldiers of the army of the Confederation stayed at home. They do not seem to me to have displayed much more courage.

The Confederate: Can you deny the ease with which the bourgeoisie takes fright? See what has just happened in the small-pox scare. I read in the "Progrès Médical" of March 30th that:—

"There have not been so few cases of small-pox in Paris for five years: if we are to believe the 'statistique municipale officielle,' the number of cases in the last two weeks was 8 and 12 respectively, instead of an average of, 20. Whence, then, comes this strange panic, which shakes the people of Paris and makes the fortunes of the institutions which supply vaccine?"

Owing to a few newspaper articles, people took fright at once and crowds waited at the vaccinators' establishments. Ladies, when by themselves,

spoke of nothing but their vaccination, and looked with suspicion upon anyone who did not share their terror. One might venture anything with people who are frightened at once, without making inquiries.

M. Faubert: Steudhial said long ago that "fear is not in the danger, it is in ourselves."

The Confederate: It only remains, then, to inspire it. See what we have already succeeded in doing with white-lead, and what we are about to do for abrinthe. Do you believe that all Parisians will not suffer from colic on the day when they are convinced that the journeymen bakers are playing "la sabotage" in their bakehouses?

M. Faubert: You have just said "all Parisians," Fear, then, is not the special characteristic of the bourgeois. Do you think that the members of the Labour Exchange and their wives are less frightened of the small-pox than the bourgeois? Fear is not a capitalist privilege.

The Confederate: The workman has nothing to lose.

M. Faubert: Disabuse yourself of that idea. It is he who has most to lose. The bloated multimillionaire will invest his capital abroad if it be threatened, and he will transport himself abroad too, if he feel his person to be unsafe. He will no longer be interested in French industries and will spend less money in France. As Cobden says, wages rise when two employers are running after one workman, and fall when two workmen are running after one employer. Your policy, the object of which is to frighten capital, produces a certain result—that of making it take flight. If it does so, it will not transform itself into wages, and a strike with violence will produce a certain result—a strike of employers. It will transform artificial unemployed into actual ones.

The Confederate: So much the better. That will be the beginning of the general winding up.

M. Faubert: And then we have gone bankrupt, Is that then your ideal?

The Confederate: Yes, the bankruptcy of capitalist society!

M. Faubert: Well, but explain for us the constitution of your collectivist society.

The Confederate: You want to know too much. But when I asked you whether you had read "l'Humanité," I did so with reference to an observation of M. Marcel Sembat to the effect that poor Yves Guyot had for a long time been denouncing the Socialist tyranny, but he was hardly listened to.

M. Faubert: Very well, then; but it seems to me that he was quite right and that the others were wrong in not listening. Those who profit by the Socialist tyranny act like all tyrants; they abuse their power and act in such a way that people begin to listen to the man who denounced it at the time when people like M. Goblet placed themselves at the head of the Socialist Union. It is one of the results of the threats and the violence of your friends.

CHAPTER X

COMPULSORY ARBITRATION

"A land without strikes"—New Zealand—The "Arbitration Act," 1894—Set-back to boards of conciliation—Interference of the Court—The butchers' strike—The Lock-out in the timber trade—Hypocritical attitude of the Unions with regard to strikes—Difficulties in carrying out the Act—Absence of moral support of persons interested. •

GRIBOUILLE'S¹ disciples have formed the profound conception of abolishing strikes by forcing every individual to be a member of a trade combination and by regulating all questions of wages and of the organisation of labour through the medium of incompetent and irresponsible tribunals. ✓

In support of their theory they cite a book published in 1900 by the Agent-General of New Zealand, under the title of "A land without strikes,"² to glorify the Act of 1894, entitled "An Act to encourage the formation of Industrial Unions, and to facilitate the settlement of industrial disputes by conciliation and arbitration." The Act did not in terms render arbitration compulsory, but it did so by implication, by imposing the making of joint or collective contracts. It provides for boards of conciliation and in case of their failure, for a short reference to arbitration. As soon as the workmen have formed a union, they are able to impose this jurisdiction even upon employers who are not connected with a union. They have power to impose arbitration upon such employers when none of the members of the workmen's union have an interest in the dispute. Even if the employer has no unionists

1 Gribouille was the wiscere who threw himself into the river in order that his clothes might not get wetted by the rain.

2 See also M. Métiv. "Le socialisme sans doctrines" (Paris, F. Aican); L'arbitrage obligatoire, par Bertrand Nogaro (Paris, Roustan); "Australian Socialism," by A. St. Léger.

among his employees, he is not protected against proceedings.

Strikes and lock-outs are prohibited. This legislation has ended in submitting the regulation of all industrial conditions to the determination of the Courts, and they have acted as the repositories of legislative powers delegated to them by Parliament.

The workman, as an individual, is no longer subject to bye-laws. He has to be a unit in a Union, the object of these workmen's unions being to prevent labour from becoming too oppressive. A union always has five objects in view—higher wages, shorter hours of work, overtime, the restriction of the number of apprentices and the exclusion of non-unionists.

It has been stated that since the passing of the Act the boards of conciliation dealt with 99 per cent. of all disputes; but their decisions have no force, and are so well recognised as nugatory that their proceedings are now admitted not to justify their existence, and disputes are carried direct to the tribunal of arbitration.

The preliminary difficulty encountered by the tribunal is to find out what are the points in dispute. Its award then has to enter into details of such minuteness that it is impossible to ascertain what it sanctions and what it forbids, and every difference of opinion between employer and employee as to the interpretation of the award gives rise to a fresh dispute.

In these circumstances, the employer always places the narrowest construction upon the award, a minimum wage is treated as a maximum, and general antagonism is substituted for all sense of moral obligation as between employers and employees. This leads to decrease in production and consequent increase in the cost of living and decline in the purchasing power of customers. Workmen spending the greater part of their wages

as consumers have found their position by no means improved.

New Zealand relies on its export of mutton and is obliged to consider the net cost of producing it. When the butchers in the slaughter-houses, in combination with the employees in the cold storage warehouses at Wellington, Canterbury, Otago, Gisborne and Southland, claimed an increase of salary, the tribunal of arbitration rejected their demand, whereupon they went out on strike on March 7th, 1906. On March 8th judgment was given against them for damages amounting to £700. The Attorney-General and a Judge of the Supreme Court were of opinion that this was neither a debt nor damages, nor a penalty for a breach of contract, but a penalty in the strict sense of the word, so that the defendants would have to go to prison, if they failed to pay.

The strike came to an end on March 20th, the defendants either paying the fines or disappearing to seek employment in other colonies. Mr. Hall Jones, representing the New Zealand Government, nevertheless said that this was not a set-back for the Act, but that the Government had merely to amend it, in order to render its operation more effective.

But these are not the only trades effected. On May 20th the Western Australian newspapers announced that Mr. Holman and two employees of the Sawmill Society had been cast in damages at Perth, or to imprisonment in default, for having aided and abetted the strikers in the timber trade. On June 4th the same newspapers reported that proceedings had been taken against employers in the timber trade for organising a lock-out.

Here is evidence that compulsory arbitration is unable to prevent either strikes or lock-outs.¹

With the official optimism which is the character-

¹ "The Individualist," June, 1907.

istic of all governments, one of the Ministers had asserted that the Unionists disapproved of this resort to "strikes." At the very moment when he was making this statement, the Trades Unions of Wellington and the Labour Council were passing a vote of sympathy with the strikers. Vain efforts were made to induce other Unions to express disapproval: there may have been some apparent changes of attitude, due to various influences, but their general attitude was left in no doubt.

The Hon. John MacGregor, a former member of the New Zealand Upper House, recognised the set-back to compulsory arbitration.¹

Unionists who fail to submit to the process of the Tribunal of Arbitration are liable to damages, but in New Zealand, as in other countries, they have succeeded in putting themselves above the law with impunity. Officially, the Unions dissuade their members from violating it, but they encourage them to do so by underhand methods, thereby escaping all pecuniary responsibility. Individuals may be cast in damages, and sentenced to imprisonment in default.

But an American visitor to New Zealand, who was so much attracted by the "Arbitration Act" that he wanted to import it into the United States, was told by a New Zealander that it was hopeless and would not work because the prisons of the United States are not large enough. Supposing you obtain a judgment for damages against four or five thousand members of a Union which violates the Arbitration Act or refuses to satisfy the judgment of the Court. They decline to pay. Where are the prisons with a sufficient capacity to contain them? And what will become of their families while they are serving their term? They could not be left to die of starvation.

The working of compulsory arbitration in New

¹ "The Times," Financial and Commercial Supplement, April 8th, and May 6th, 1907.

Zealand has demonstrated its impossibility in the absence of the moral support of all the parties interested; from the moment when it fails to obtain it, it stands condemned. Could it obtain such support in other countries? Those who say so, have the universal experience of mankind against them.

Coercion implies submission and not consent; consent alone creates a moral obligation. This explains the superiority of contract as a motive for action to arrangements imposed by authority. Compulsory arbitration would be followed by the same consequences in other countries as in New Zealand, namely, contempt for the law on the part of those who realise the possibility of violating it with impunity and of declining to accept the decisions of the Courts, while claiming to exact respect for that law from their adversaries. They would make a unilateral law of it, placing precisely the same construction upon it as that which is put forward in regard to Article 1780 of the Civil Code in France. "I claim," says the author of this article, "that, without the constitution of the Tribunal of Arbitration, the workmen would have had a far larger share of the increased prosperity of the colony than they have in fact obtained."

CHAPTER XI

CONCLUSIONS

- (1). In the eyes of the Labour leaders, the Labour Exchanges and the Confederation of Labour, strikes are not an instrument of an economic order, but a political instrument.
- (2). The weakness of the Government and the magistracy in France has introduced violence as one of the factors which make for success in the conduct of strikes. Strike leaders consider themselves as above the law.
- (3). A strike is an act of a small group of individuals, tending to the obtaining by them of advantages at the expense of all their fellow-citizens.
- (4). Combinations and strikes of officials and of persons employed in services of a public nature apply all the powers held by them for the interest of the public service to the furthering of their particular interests.
- (5). This anarchical conception is bringing us back to the private wars of the Middle Ages; trade combinations will contend against one another at the general expense, with methods of violence and total contempt of the law.
- (6). The organisation of compulsory arbitration in New Zealand has detached the individual from the State and has made him a member of a Union, without preventing strikes.

BOOK IX

SOCIALISM AND DEMOCRACY

CHAPTER I

THE PROGRAMME OF THE INTERNATIONAL ASSOCIATION

Karl Marx' subtleties—Developments rather than reforms—Set-back to Internationalism—Hervé's logic
—Socialists act contrary to their professions.

HERR WERNER SOMBART¹ says of the inaugural address of the International Association of Workmen, "It is a veritable masterpiece of ability, although its scheme is not very clear: but Marx is its author and his obscurity is intentional. . . . Opposing tendencies had to be reconciled. There is something to satisfy everyone in the address. In its convincing portraiture it exhibits the wretchedness of the working classes under the capitalistic yoke. . . . It celebrates the advantages of free co-operation, Proudhon, Buchez, the advocates of co-operative production subsidised by the State, Lassalle and Louis Blanc. It contains the common sentimental passages which Marx reluctantly let fall from his pen. . . . Of the object of the Association there was little question."

The Socialists continue to carry out this policy; what they desire is developments rather than reforms, and, while courting the mob, they aim, not at the true and the useful, but at the art of exploiting the passions and prejudices of the ignorant and the seekers after chimeras.

The headquarters of the International Association was transferred to New York in 1872. It did not perish in consequence of Government measures taken to destroy it, but was dislocated by the quarrels of Karl Marx and Bakunin, which like those which rage between Guesde, Jaurès and Lagardelle, give us an idea of the harmony which will prevail in the Collectivist Paradise.

Karl Marx concluded his Manifesto of 1847 with

¹Loc. cit. pp. 118-127.

the words, "Proletarians of all countries, unite!" Werner Sombart says that Marx had "vainly attempted to introduce the ideals of solidarity and union from without." They certainly have not radiated from within.

The French Socialists do not display the slightest sympathy for Belgian or Italian workmen who come to France; the English workmen have obtained the passing of the "Aliens' Act," and the expulsion of the Chinese from the Transvaal; the American workmen have inherited the European immigration difficulties and have prohibited the entry of the Chinese and Japanese.

Socialists nevertheless talk of Society with a big S, of Society with neither frontiers nor nations. When Karl Marx said, "Proletarians of all nations, unite," he did not say that the proletarians of China were excluded from his appeal. The agrarians of Eastern Prussia have suggested the importation of Chinese coolies. Is the German Socialist Party disposed to welcome them as brothers?

At the Stuttgart Congress, the Germans displayed a strong national sentiment and were very angry with Hervé. Still it is Hervé, and not they, that is logical. Every Socialist who admits the existence of a separate nation, admits individual property; for a nation presupposes the ownership by a group of individuals of a portion of the earth's surface.

Speaking generally, the Socialists act contrary to their professions. They say that they want to place property in the hands of the people, but they will either place it in the hands of bodies of men which, whatever the name by which they may go, are greedier than any Harpagon, or in the hands of the State, which, in its turn, will delegate it to departments of administration; and these will exploit it for their own benefit, not for that of the public.

• They talk of liberty, but all their proposed legislation is the legislation of tyranny and police, and we have seen them reassimilate free to the type of servile labour.

• They talk of an ideal of government, and instead of limiting its attributes, they endow it with powers as vague and indeterminate as those of Oriental or African potentates.

• They say nothing of liberty, for they understand it in the same sense as the maid-servant of Frankfort who, on the day after the Revolution of 1848, said to her mistress, "Now that we are equal, you shall carry the coal-box and I will wear the diamonds."¹

¹ Quoted by M. Georg Simmel, "Philosophie de la Souveraineté" *Journal des Economistes*, 15 juillet, 1907.

CHAPTER II,

SOCIALISM VERSUS DEMOCRACY

Factors opposed to "social evolution"—Socialism opposed to small industries and small properties—Appeal to workmen's legislation—Sidney Webb, opposed to thrift and co-operation—Apology for idleness—The Confederation of Labour and the "slough of democracy"—"The class for itself and the class in itself"—Some leaders of the proletariat class—The primary school teachers and the class in itself.

IN order that the "Socialist evolution" may be realised, it is necessary that industry and capital should be concentrated in a few hands, and, on the other hand, that there should be a great mass of wage-earners, increasingly wretched and deprived of all personal property. Such is the process as determined by Marx and Engels in the "Communist Manifesto," and confirmed by the Erfurt Congress in 1891.

But this phenomenon does not appear if the "artisan" works in isolated independence; neither does it appear if those who carry on small industries, working in their own houses, have not been previously absorbed in the proletariat crowd of workmen employed in the great industries; nor does it appear if the small proprietor preserves his love of individual property. The prophesied social evolution miscarries; the heralded paradise of the socialisation of all the means of production and exchange vanishes. Democracy and Socialism are antagonistic.

Have I invented and formulated this proposition for polemical purposes? It comes from a Socialist, Herr Werner Sombart.¹

"What should be the attitude of socialism with regard to the masses which have not yet fallen into the ranks of the proletariat, such as the lower middle

¹ "Le Socialisme et le mouvement social au XIX^e siècle," p. 144 foll.

class (petite bourgeoisie) and of that part of the population which may perhaps never exhibit any tendency to inclusion in the proletariat? Should the object of the proletariat be essentially proletarian or should it be democratic? If it become democratic, what becomes of its programme? Is it to be socialism or democracy? The fundamental contention is expressed in the opposition between these two points of view."

Bernstein published a series of articles in 1905 under the title, "Will Social Democracy Become Popular?"

In order to obtain recruits for the Socialist army it is necessary to "proletarianise" those who carry on small industries as well as small trades, and the owners of small properties, all of whom display elements of resistance to the socialisation of the means of production. The movement of concentration, which does not take place naturally, must be obtained by force, in order to arrive at the catastrophe foretold by Karl Marx, as "on the one hand a few large industrial establishments and on the other the masses who possess nothing at all, the former absorbing the latter without their being able to offer resistance."

In order to reach this point, the simplicity and ignorance of the very persons is to be exploited whom it is proposed to ruin, and of their representatives in Parliament. And legislation is to be carried out on the lines of social insurance and regulation of labour, in such a manner as to annihilate the small men, to overburden them with general expenses and risks, to close their shops and businesses and to try by artificial means to bring about the concentration of industries to which economic liberty fails to lend itself.

Werner Sombart frankly recognises this when he says that "a good system of workmen's legisla-

1 "Socialistische Monatshefte," August, October and November 1905. See the "Mouvement socialiste," January 15th, 1906, p.117.

tion is a weapon of the highest order for proprietors of undertakings on a large scale, wherewith to ruin the small men and disembarass themselves of their competition.¹

M. E. Vandervelde also demands this factitious concentration. "We must," he says, "wish for, and even foster by legislative measures, the passing of the degenerate forms of individual production into the superior forms of production in common."²

People exclaim that the small or family workshop gets out of control, and demand its suppression. It will be the compulsory stage on the road to proletarianisation, if small proprietors, small industrialists and small traders, in fact all persons with a moderate position in life, fail to remember that democracy and socialism are antagonistic. They have already, in spite of numerous warnings, frequently been the dupes of those who lured them to work for their own destruction. Laws, such as those with reference to a weekly day of rest, are of a nature to give them such warning. Mr. and Mrs. Sidney Webb protest against a group of careful artisans carrying on an enterprise by themselves. They would be supporting a minor industry, "which is diametrically opposed to the Socialist ideal." They would be producing for their own profit, and the community would obtain no more power over their industry than over the industry of the individual.

While the Belgian Socialists make use of Vooruit and of some other co-operative societies, Mr. and Mrs. Sidney Webb declare that they present "the worst aspect of current affairs." Work and thrift are considered as vices by Socialists. M. Paul Lafargue has written the apology of idleness. This is one way of flattering the lowest instincts, and it is evident that if these excellent apostles

1 Werner Sombart, op. cit.

2 "Le Collectivisme et l'évolution industrielle," p.

were listened to, pauperism would increase instead of diminishing.

Socialism or Democracy. The two are in conflict, as the German Socialists declare; and Werner Sombart and Bernstein, like the rest of the Socialists, only suggest temporary and embarrassed solutions of the difficulty.

In France, the theorists and the leaders of the Confederation of Labour, MM. Georges Sorel, Hubert Lagardelle and Griffuelhes, with greater hardihood, clearly say that they intend to put all the lower middle class outside the door of Socialism, in order to extricate the workman from the "slough of democracy." Their aim is that the economic and the political classes be united into one, and they distinguish between "the class in itself" and "the class for itself," the former constituting the "economic group" and the latter the "psychological group."

The "class in itself" is supplied by proletarians of the type conceived by Karl Marx, whose hours of labour constantly increase in length, while their wages decrease; the "class for itself" overruns them and annexes owners of small properties, small and even great traders and employers, clerks, officials, philanthropists, millionaires, Protestant pastors, priests, professors, men of letters, etc. But Karl Marx, a doctor of the University of Berlin, and the son-in-law of a Prussian "junker," was not a member of the proletariat of which he declared himself to be the great chief. The same was the case with Engels, who was entrusted by his father with the management of a large cotton mill at Manchester, and who, while following the hounds and leading the life of a gentleman, was not ruined by his efforts. How many men are there at the head of the German Socialist Party, who are entitled to be ranked with the "class in itself"? Mr. Hyndman, the founder of Social Democracy in London, is a rich member of the middle class. Is

Frances Evelyn, Countess of Warwick, with her castle and her 20,000 acres—a lady who is a first-rate horsewoman and a member of the Social Democratic Federation—a member of the “class in itself?”

All these people combine discontents more or less justified, deceptions more or less deserved, fancies more or less intelligent, ideas more or less vague, and ambitions more or less considerable.

This “party for itself” answers to the idea conceived by Jules Guesde in 1878–79 of combining all the proletarians found in the different middle-class parties for the purposes of the impending revolution, in order to organise the revolt against the capitalist world. The party was to possess a revolutionary and extra-Parliamentary character. The “revolutionary preface” ended in electoral combinations which returned Paul Lafargue, Jules Guesde, and several others by means of coalitions. Jules Guesde supported M. Léon Bourgeois in his ministry in 1895. M. Combes in his ministry succeeded in closing the Labour Exchanges and the Parliamentary Socialists did not desert him.

The theorists of the Confederation of Labour do not desire that the “class in itself” and “the class by itself” should be superimposed and that the one should be overrun and carried away by the other. They consider that the policy of the struggle of classes, as understood by the followers of Marx, ends in the constitution of a bourgeois political party and pour all their contempt upon it.

With reference to the claim of the primary school teachers to be admitted to the Labour Exchanges, they say that “an association of primary school teachers cannot be interested in questions arising out of the relations between trades unions, or in such as concern stoppage of work or internal disputes, general strikes, shortening the hours of labour, etc. It cannot itself go on strike. The teachers cannot be present at the sittings of the

Confederation of Labour, at which they have no interest to defend; they cannot take part in discussions within the Unions, Trade Societies and Labour Exchanges for the same reason."

If they have now admitted them,¹ and look upon them with a sympathetic eye, like the associations of officials, that is only because they look upon them as elements in the political dissolution aimed at by the Confederation of Labour.

¹ See "The Times," August 13th, 1909

CHAPTER III

HOW MANY ARE THERE?

The trade unions represent minorities—English Trade Unions—American Labor Unions—Number of members in France—Electoral results—Elections to the Reichstag—England—Socialist set-backs at the municipal elections—The United States—Strength of the socialists in France.

In actual fact, a minority of the workmen in a particular trade are members of trade unions, a small minority of the members leads the union, and this small oligarchy expects to impose its will upon the rest.

The leaders of the Confederation of Labour expect the Government, the municipalities and the whole body of ratepayers to obey their commands.

In England, where the Trade Unions are the most powerful, they only represent 15 per cent. of the number of workmen; in the United States, the Labour Unions, so far as it is possible to ascertain with reference to organisations which remain shrouded in mystery, do not represent one-tenth of the workmen; in France there is no means of ascertaining the number of members.

The Labour Office gave the number of workmen who are members of trade unions as 836,000 out of a total of 4,032,000 on January 1st, 1906, and as 896,000 on January 1st, 1907, exclusive of agricultural labourers, or a percentage of 20 and 25 respectively; but how many of them pay their subscriptions regularly and remain members of a union from one year's end to another? And how many of their number does the Socialist Party count as paying their subscriptions? Fifty to sixty thousand, according to the statements of their representatives at their Congresses, when they are discussing their respective forces. According to the reports of the Confederation of Labour at the Marseilles Congress in October, 1908, the recei, ts

from June 1st, 1906, to June 30th, 1908, a period of 25 months, were 27,339 francs. Adding to this the proceeds of the "Bourses" and of the sale of their newspaper, "La Voix du Peuple," the total receipts would be 124,430 francs, or 4,900 francs per month.

If we refer to electoral forces, we find a recoil in the successes of the German Socialists, whom Engels announced in 1892 to be about to come into power in 1898. At the elections to the Reichstag in 1907, the social democratic members were reduced to 79, as against 81 in 1902; the elections of January 25th and February 6th, 1909, reduced their number to 43. But, it may be said, the number of electors has increased. It has in fact increased from 3,010,000 to 3,251,000, an increase of 250,000 or 8 per cent., but the centre vote has increased by 400,000, and the liberal vote by 240,000 or 40 per cent.

In England also, Mr. Keir Hardie announced in 1892 that the country was Socialist. In 1893 the Trade Union Congress at Norwich passed a resolution in favour of the socialisation of all the means of production and exchange; in 1895, at Cardiff, the Congress confined itself to nationalisation of land, mines and railways. At the General Election of 1895, the members of the Labour Party were reduced from 12 to 4, Mr. Keir Hardie being among the victims. The Trade Unions freed themselves from Socialism. At present, the Labour Party, having opposed Mr. Chamberlain's fiscal policy, numbers fifty members in the House of Commons. But how many Socialists are there among them? Twenty-nine style themselves Socialists, but decline to make any confession of faith in the doctrine of the class war or to give expression to collectivist aspirations. The Fabians, or temporising Socialists, want to begin with Municipal Socialism. I was not disturbed at the result which would be obtained from experi-

ments of this kind. Practical Socialism will always be curbed by one thing—the Budget. And the electors of members of the London County Council and the London Borough Councils, have taken fright at the increase of expenditure and have recently cut short the experiments in Municipal Socialism which had been attempted in that City.

In the United States the number of Socialists is insignificant, and one may say that all the Socialist writers, journalists and agitators are of German origin. At the elections to the Chamber of Representatives in 1904, they numbered 408,000; at the elections in 1906, they had fallen to 285,300 out of a total of eleven millions of electors, a proportion of about $2\frac{1}{2}$ per cent.: and yet this is the country which Socialists ought to consider as having advanced furthest on the road to collectivism marked out by Karl Marx, by reason of the enormous size of a number of its industrial establishments and of the accumulations of capital to be found in certain hands.

In France they have drawn all their power from the weakness entertained for them by the Radicals and Radical-Socialists. There are fifty-three members owing allegiance to the party in the Chamber of Deputies, but many of them were elected with a balance of Radical votes; and how many are there, among those who voted for them, who would care to see Socialism, in however attenuated a form, put into practice? As regards independent Socialists, there are a certain number who have been rejected by the United Socialist Party and by all honest parties. Combining the 160,000 votes obtained by these buffoons with the 960,000 votes given to the United Socialist Party, we have a total of 1,120,000 votes out of 8,900,000, or $\frac{1}{8}$ per cent. And three-fourths of them are only voting for a word, while hostile to the things for which it stands.

CHAPTER IV

THE HAVRE PROGRAMME AND 'M. JAURÈS' SOLUTIONS. M. DESLINIERES' PROVISIONAL 'LAWS

How many Socialist electors are there who accept the programme of the Havre Congress of 1880, as drawn up by Karl Marx and proposed by Jules Guesde? It is as follows:—

"Whereas the emancipation of the producing class is that of all human beings, without distinction of sex or race; whereas the producers can only be free in so far as they are in possession of the means of production (lands, factories, shops, banks, credit, etc.):

And whereas there are only two forms in which the means of production can belong to them:—,

- i. The individual form, which has never, as a matter of fact, obtained general acceptance, and is increasingly eliminated by industrial progress
- ii. The collective form, the material and intellectual elements of which are constituted by the very development of capitalist society:

Whereas,

This collective appropriation can only be the issue of the revolutionary action of the producing class—or proletariat—organised as a distinct political party:

Such an organisation should be promoted by all the means at the disposal of the proletariat, including universal suffrage, which is thus transformed from an instrument of deception into an instrument of emancipation:

The French Socialist workers, in setting up as the object of their efforts the political and economic expropriation of the capitalist class and the return to collectivity of all the means of production, have decided, as a means of organisation and of warfare, to take part in the elections with the following platform:—

A. POLITICAL PART.

Abolition of all laws restricting freedom of the press, of meeting and of association, and particularly of the

- law against the International Working Men's Association. Abolition of the "service-book," that bane of the working classes, and of all the articles of the code which set up the inferiority of the workman as against his employer, and of woman as against man.
- ii. Abolition of the budget of public worship and restoration to the nation of "the said goods held in mortmain, movable and immovable," the property of religious corporations (decree of the Commune, April 2nd, 1871) including all the industrial and commercial appurtenances of these corporations.
 - iii. Abolition of the national debt.
 - iv. Abolition of standing armies and universal military service on the part of the people.
 - v. Commercial independence in local government and police.

B ECONOMIC PART.

- i. One day of rest in the week, or legal restriction of employers from allowing work on more than six days out of seven—Legal limitation of working day to eight hours for adults—Prohibition of the labour of children in private workshops under the age of fourteen; and limitation of hours of work to six for persons between fourteen and sixteen.
- ii. Supervision by workmen's organisations for the protection of apprentices.
- iii. Legal minimum of wages, fixed annually in accordance with the price of provisions in the locality by a workmen's committee.
- iv. Legal prohibition to employers from employing foreign workmen at less wages than Frenchmen.
- v. Equality of wages for workers of either sex.
- vi. Scientific and technical training of all children, as well as their support at the expense of Society, as represented by the State and the Commune.
- vii. Support of the aged and infirm at the expense of Society.
- viii. Abolition of all interference by employers in the administration of the relief, benefit and other funds of the working classes, which are to be restored to the sole management of the workmen.
- ix. Liability of employers in respect of accidents, guaranteed by a deposit paid by them into the work-

men's relief funds, proportionate to the number of workers employed and the dangers presented by each particular industry.

Participation of the workmen in drawing up regulations specially applicable to various factories; abolition of the right usurped by employers to punish their workmen by fines and stoppages (Decree of the Commune of April 27th, 1871).

- xi. Cancellation of all contracts whereby public property has been alienated (banks, railways, mines, etc.) and management of all State factories by the workmen employed therein.
- xii. Abolition of all indirect taxes and conversion of all direct ones into a progressive income tax on all incomes in excess of 3,000 francs—Abolition of the right of inheritance through collaterals, and of all inheritance in the line of direct descent in the case of estates exceeding 20,000 francs.

What are the solutions which M. Jaurès offers to each question? He wants to take us back to the Egypt of the Pharaohs by entrusting the State with the monopoly of corn. He said ironically,¹ "Guyot still accuses us of being retrogressive." I certainly cannot call him progressive.

On June 11th he offered his solution of the crisis in the vineyards. "On and after July 1st, 1907, estates in which the culture of vines constitutes the principal source of income are national property. The nation is to entrust their exploitation to a general association of workers employed in wine growing, formed by wage-earners of all kinds employed in viticulture." The owners of the estates did not display enthusiasm for the scheme.

M. Deslinières has made an attempt, in a bulky volume entitled, "*Le Collectivisme*," to endow it with a legal organisation. The "urgent and provisional laws" which he proposes are as follows:—

- i. To arm the executive in order to prevent all disorders as they originate.

- ii. To suspend the liberty of the press and the right of public meeting.
- iii. To restore to the Government the right to nominate the municipalities.
- iv. To make a permanent requisition of all Frenchmen of full age and under the retiring age, in order to provide for the public services, in consideration of a fair wage.

In the event of refusal, to confiscate all assets which produce an income greater than that of a day labourer of the third class; those whose assets fall below this to be ranked among those who are in receipt of poor law relief.

- v. Forfeiture of French nationality and confiscation of goods in the case of every person sojourning abroad for more than three months without permission.
- vi. Cancelling of all process against debtors.
- vii. All officials, employers and agriculturists are enjoined to continue their duties and their enterprises on pain of the forfeitures set out in article (iv.)
- viii. Right to requisition everything.

And how long is this system to remain in force? M. Deslinières' answer is—Not only until the final enactment of laws, but until their complete application.

M. Georges Renard, who aims at an eclectic and attractive form of Socialism, says, "Socialism will be a *régime* of authority."¹ On this point I agree with him.

¹ Georges Renard, "Le Régime Socialiste," 1888 (Paris, F. Alcan); "Le Socialisme à l'œuvre," p. 300.

CHAPTER

SOCIAL AND NATIONAL POLICY

WHILE the Socialists declare at their Congresses, beginning with the Congress of Limoges, that they cannot ally themselves, even temporarily, with one of the sections of the Republican bourgeoisie, why do the members of the Radical Party desire to carry out a Socialist policy? Why does M. Clemenceau denounce the capitalist *régime*, which he "has attacked and is going to attack again," and proclaim himself a "Socialist"? Why does he adopt as his programme a portion of the working programme of the Gotha and Erfurt Congresses, and of the Harve Congress in 1880, as drafted by Karl Marx and proposed by Jules Guesde and Paul Lafargue?

The programme of the Radical-Socialist Party, adopted by M. Clemenceau, is:—

- (1). The purchase of the Western Railways, for the State must work the railways in imitation of Prussia. This is pure State ownership and not Socialism.
 - (2). A personal and progressive income tax, still in imitation of Prussia, whereby the principles of the French Revolution are combined with a form of government which has preserved a system of voting by classes for nearly half a century, under the constitution of 1850.
 - (3). Old age pensions, still in imitation of Germany, but in an aggravated form, which is driving us to total failure in social policy so called, or else in national policy.
- Which of these should be sacrificed to the other?

CHAPTER VI.

POSITIVE AND NEGATIVE POLICY

You cannot, you may say, carry out a negative policy; and in order to carry out a positive one, you take the property belonging to one class of persons and give it to others. Your policy of spoliation is positive, but the guarantee for the security of property, ensuring you from being robbed by force or fraud, is negative: the police, whose duty it is to exercise its supervision for your benefit without your perceiving it, is negative; the undoubted duties of the Government for the purpose of ensuring internal security and preserving you from external dangers are negative duties, although they produce positive results, in the shape of liberty of action for everyone and the assurance that he will reap the benefits of such action.

CHAPTER VII

TACTICS OF THE SOCIAL WAR

Creation of the Socialist spirit—The legality of violence—
Jules Guesde and Georges Sorel.

How is the Social Revolution to be precipitated?
What are the best tactics for the Social War?
These are the subjects of discussion at Socialist Congresses.

At the Nancy Congress, on August 13th, 1907, M. Firantette made a very interesting declaration. "In the Paris Labour Exchange," he said, "there is only a small number of Socialists among the three thousand members of the trade union to which I belong."

M. Emmanuel Lévy, Professor in the Faculty of Law at Lyons, considers that "the true creation of the Socialist spirit is the class war itself. Political action will have to complete by laws of expropriation what the trade union has already succeeded in conquering." This reassuring Professor of Law is a supporter of "direct action," but he contemplates a legalised robbery and seeks to reconcile the unionism which is to perform the first act with the political Socialism which is to perform the second.

Jules Guesde looks upon the destruction of property and plant with a certain amount of contempt. He prefers a struggle conducted with ballot papers, but inasmuch as this method might appear bourgeois, he adds that "it is only the prelude to the struggle with musket-fire." This weapon is somewhat out of date. But M. Jules Guesde has never believed in "natural necessity." He is able to say that he has constantly repeated that "revolution by force remains the only final solution. Collective property can only issue from the revolutionary action of the producing class—or proletariat—organised as a class party."

M. Georges Sorel, one of the pundits of the Confederation of Labour, for his part says, "the greater the development of trade unions, the more will social conflicts assume the character of pure struggles like those of armies in the field."¹

The leaders of the Workmen's Socialist Party and of the Confederation of Labour are in fundamental agreement. M. Jules Guesde alone asks for the collaboration of those whom he wishes to destroy, while MM. Georges Sorel, Lagardelle and Griffuelhes only count upon the class which is interested in destruction. They have less faith in human simplicity than M. Jules Guesde.

The Socialists may quarrel among themselves about personal matters, but they are all agreed upon one point—the social war. One needs to be deeply versed in the subtleties of the Socialist vocabulary in order to understand the distinctions between the motion of La Dordogne, which was supported by 141 votes, and the du Cher motion which obtained 167, and was adopted. I quote the latter :—

The congress, convinced that the working classes will only be able to completely emancipate themselves by the combined force of political action and of the action of the trade unions, by the trade unions proceeding to the length of a general strike and by the conquest of all political power in view of the general expropriation of capitalism :

Convinced that this double action will be all the more effective in proportion as the political and the economic organisms maintain their full autonomy, the aims of the trade unions being the same as those of Socialism :

Seeing that this fundamental agreement of political and of economic action on the part of the proletariat will necessarily ensure a liberal co-operation between the two organisations, free from confusion, subordination or distrust :

¹ "Réflexions sur la violence," *Mouvement Socialiste*, 15 juin, 1906. p. 162.

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Accordingly invites all militant members to labour to the utmost of their power to dissipate every misunderstanding between the corporate and the political organisations of the working classes.

The 34 millions of owners of property, large and small, the bourgeois and capitalists of France, certainly keep their tempers well, seeing that these organisations for the purpose of pillage, either by violence or by law, are carried on in the exercise of a legitimate right!

This indifference is sufficiently humiliating to the Socialists, for it proves the profound confidence entertained by those who own property in the vanity of their efforts. And how many among those Socialists who are richly provided with worldly goods expect to be called upon to lay their quota upon the altar of conquering Socialism?

CHAPTER VI I

AGAINST THE LAW

"The will of your class"—Edgar Quinet: democracy and the law—The disciples of force—The class war according to Aristotle.

IN the "Communist Manifesto" (§45) Karl Marx says: "What is your law, unless it be the will of your class?" Socialists are logical in making light of the advice given by Edgar Quinet to the democracy to "cling inflexibly to the law." Yet where will it go, if it does not cling to it? If it travels without a compass, does it expect to take a reasonable course? Does not the whole of history teach us how deceptive and precarious are the triumphs of force? Does not the history of our insurrections contain the most terrible lessons? Socialists may celebrate the anniversary of the Commune; do they look upon it as a victory?

Even admitting that they are strong enough to succeed in giving a legal aspect to their policy of pillage by a second-hand majority in an assembly, they would only find themselves on the morrow in the presence of ruins and would be obliged to reconstitute a legal system which recognises the capacity of each individual to own property and to contract.

The Socialists have consistently attacked me, and rightly so, for I attacked them at the time when the Radical party placed itself at their disposal.

The members of the Socialist party claim equality before the law, and protection for their goods and persons, and declare themselves, at the same time, to be a party committed to social war, in search of the best means of robbing you. I really cannot conduct colloquies in an amicable way with people who force me to keep my hand on my purse.

This class war is of far earlier date than the great industries. The honour of discovering it is not to be ascribed to Karl Marx. Twenty-three

centuries before his time Aristotle said: "The demagogues, when the multitude are above the law, are always cutting the city in two by quarrels with the rich."¹

In the cities of Greece they demanded the confiscation of lands and the cancellation of debts, and they expected to throw the whole burden of fiscal charges upon the rich. The Socialists of to-day are merely plagiarists of the demagogues whose works Aristotle had beheld. Only, in those days of servile labour, a man who neither owned land nor carried on a small trade, could not live except by the generosity of the public treasury, and he was obliged to assume these advantages for himself by the conquest of power. Nowadays, the exercise of a profession or trade guarantees him the enjoyment of normal resources, and he knows that, if he goes too far in his threats or his measures against the capitalist, he will dry them up at the fountain-head. The demagogues of old threw the cities in which they were dominant into anarchy, and most frequently it was a stranger who came to re-establish an oligarchy or a tyranny.

¹ Aristotle, "Politics," v. chap. ix. §10 (Jowett's translation):

CHAPTER IX

DEPRESSING EFFECT UPON WEALTH

Income tax—Mr. Hearst and Mr. Roosevelt—Death duties in France.

SOCIALIST action has a depressing effect upon all fixed capital. Not only do threats of confiscation cause uneasiness for the future; the proceedings of an unscrupulous policy are disquieting for the present. A suggested income tax, the effect of which is to place an instrument of pressure in the hands of the Socialists destined to annihilate large fortunes and to exhaust moderate ones, does not invite people to embark in enterprises or to buy properties or transferable securities. Since the same spirit prevails, in different degrees, in countries whose evolution is advanced, everyone looks uneasily around him. Furthermore, in order to carry on a policy of preserving the political equilibrium, of giving a few bones to the demagogues to gnaw, concessions are made to the policy of spoliation. In order to contend against Mr. Hearst, the wealthy demagogue, Mr. Roosevelt feels the need of declaring war upon the corporations and threatening the millionaires with confiscation of a portion of their estates upon their decease.

Governments in democratic countries like the United States and France, carry on a system of class policies, which—contrary to the principle of the equality of all before the law and of the law as the same for all—brings us back to the old system.

Optimists would do well to cast an eye upon the following table of estates, passing by inheritance and deed of gift, in France.

| Periods. | Million. of francs. |
|----------------------|---------------------|
| 1881-1885 | 6,182 |
| 1886-1890 | 6,375 |
| 1891-1895 | 6,930 |
| 1896-1900 | 6,669 |

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| Periods. | Millions of francs. |
|-----------|---------------------|
| 1901-1904 | 6,489 |
| 1905-1907 | 6,944 |

In the two periods 1896-1900 and 1901-1904 there was a decline as compared with the period 1891-1895, and the period 1905-1907 only exceeds the period 1891-1895 by 14 millions. Between the two extreme periods covering a space of 26 years, the increase is only 12 per cent., or less than $\frac{1}{2}$ per cent. per annum. Contrary to certain optimistic assertions, the increase of wealth in France, even if its development has not been arrested, is at all events extremely slow, and among the causes which are answerable for this, it may safely be stated that Socialism must be placed in the front rank.

CHAPTER

THE IMPOTENCE OF SOCIALISM

WHAT remains of Socialism then, when we come to close quarters with it? And what are the future prospects of this policy of spoliation and of tyranny?

The Socialist party cannot balance up a governmental majority without destroying government itself, for it cannot admit that government fulfils the minimum of its duties. When a strike breaks out, the intention of the strikers is that security of person and of property shall not be guaranteed; and they have been preceded, supported and followed in this by certain Radicals who, when put to the test, have been obliged to commit acts such as they have violently laid to the charge of preceding governments. Socialist policy represents contempt for law, and all men, whether rich or poor, have an interest in liberty, security and justice, for the private interest of each individual is bound up with these common blessings. Socialists despise them all.

A law, the object of which is to protect each man's property, is supported by all who possess anything, and where is the man in advanced societies who is incapable of being robbed because he possesses nothing.

A law, the object of which is to despoil a portion of the citizens of a State, unites in opposition to it all those against whom it is directed and those whom it alarms, for they are afraid that it may extend to them. It has not even the support of those for whose benefit it is made, for only a very small number obtain a direct benefit; the great majority only experience disappointments, and cause the feelings of envy and rapacity which procured the demand and approval of such a law to recoil upon those who have benefited by it.

A law of spoliation may be passed and carried into effect, but in the event of its results becoming permanent, it runs the risk of destroying the government which has assumed the responsibility for it.

Socialist policy is a permanent menace to the liberty and security of citizens, and cannot therefore be the policy of any government, the primary duty of which is to exact respect for internal and external security. If it fail therein, it dissolves and is replaced by anarchy: and inasmuch as everyone has a horror of that condition which betrays itself by the oppression of violent men, handed together solely by their appetites, an appeal is made to a strong government and to a man with a strong grip, and the risk is incurred of falling back into all the disgraces and disasters of Cæsarism.

There are three words which Socialism must erase from the facades of our public buildings—the three words of the Republican motto:—

Liberty, because Socialism is a rule of tyranny and of police.

Equality, because it is a rule of class.

Fraternity, because its policy is that of the class war.

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